STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DE 23-021
Petition of Public Service Company of New Hampshire d/b/a Eversource Energy
Request for Change in Regulatory Reconciliation Adjustment Rate
for the Period August 1, 2023 through July 31, 2024

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

July 5, 2023

The Department of Energy ("DOE") has reviewed materials filed by Public Service Company of New Hampshire d/b/a Eversource Energy ("Eversource" or "the Company") with the Public Utilities Commission ("Commission") which include: the Joint Testimony of Robert D. Allen, Ellie Ntakou, and Russel D. Johnson with accompanying Vegetation Management Plan and Performance Report for 2022; the Joint Testimony of Marisa B. Paruta and Scott R. Anderson with Attachments, and; the testimony of Scott Anderson with Attachments. These materials comprise the Company's request and support for an adjustment to its Regulatory Reconciliation Adjustment Rate for the period August 1, 2023 through July 31, 2024 ("2023 RRA filing").

As described below, the preliminary (pre-hearing) opinion of the DOE, is that the Company's filing meets the requirements identified in the comprehensive Settlement agreement in DE 19-057 approved in Order 25,433 (Settlement) pertaining to the Regulatory Reconciliation Adjustment Mechanism (RRA) in that it addresses only the limited set of identified cost elements approved for inclusion in the RRA and the testimony and schedules, in conjunction with discovery conducted, accurately and adequately support the Company's rate adjustment request. Further, the DOE's preliminary (pre-hearing) recommendation is that the Commission make the necessary findings and approve the Company's RRA rate adjustment request.

DOE's Analysis and Recommendation

The 2023 RRA Filing contains costs related to six (6) specific issues identified in the Settlement:

1. Regulatory Commission annual assessment amounts in excess of amounts included in base distribution rates and costs for consultants hired or retained by the DOE and the Office of Consumer Advocate (OCA). No amounts are included in base distribution rates for consultants.;
2. Calendar year over- or under-collections from the Company's Vegetation Management Program (VMP);
3. Property tax expenses as compared to the amount in base distribution rates;

4. Lost base distribution revenues associated with behind-the-meter energy production and consumption of customer owned interconnected distributed generation systems (net metering) as allowed by statute;
5. Storm cost amortization – final amortization and annual reconciliation; and
6. Rate case expense amortization.

The DOE has reviewed the materials provided in the Company's filing pertaining to each of the six (6) specific RRA elements above, has conducted discovery, discussed details with the Company during a Technical Session, and provides a synopsis of our review for each of these five elements below.

1. **Regulatory Assessment.** The Settlement specifies that the Company's base distribution revenue requirement includes $5,220,056 for Commission assessments. Attachment MBP/SRA-2 page 6 of 6 (Bates 38) shows that calendar year 2022 Regulatory Assessments includable in distribution rates total $6,824,690. This amount was confirmed with the DOE Business Office. This RRA cost element also contains calendar year 2022 costs for consultants retained by DOE and/or the OCA. Those costs are also identified on MBP/SRA-2 page 6 of 6 (Bates 38). The 2022 total of consultant costs included in the RRA is $292,947. The Company's Attachment MBP/SRA-2 page 1 of 6 (Bates 33) totals these eligible RRA costs and associated carrying charges and presents a calculation of the corresponding average RRA rate for this cost element.
2. **Vegetation Management.** The Settlement establishing the RRA specifies that $27.1million is included in base distribution rates for the Company's Vegetation Management Program which includes program elements: Scheduled Maintenance Trimming (SMT); Hazard Tree Removal; Right-of-Way trimming (ROW); and Enhanced Tree Trimming (ETT). The Company may recover VMP costs incurred above this amount through the RRA with certain restrictions. The Company provided the joint testimony of Allen, Ntakou, and Johnson along with its detailed report on the 2022 VMP. In addition, Attachment MBP/SRA-3 (5 pages) to the joint testimony of Paruta and Anderson provides the final accounting of the 2022 VMP program costs and presents the details of the under-spent program amount of $2,126,381 which the Company proposes to carry forward into the 2023 VMP year to complete projects which its crews and contractors were unable to complete in 2022. See Attachment MBP/SRA-3 page 5 of 5 (Bates 43) at Line 18 for this carry forward amount. The DOE has reviewed the VMP report, testimony provided, conducted discovery on, and verified certain aspects of the information provided. The DOE recommends the Commission approve the Company's request to carry forward of unspent 2022 VMP amounts to the 2023 VMP program year as allowed by the Settlement.
3. **Property Taxes.** The Settlement provides that property tax amounts over or under recoveries of property taxes as compared to the amount of $45,186,407 included in base distribution rates may be included in this cost element of the RRA. The actual annual amount of property taxes paid will include abatements and adjustments received from municipalities. Attachment MBP/SRA-4 page 5 (Bates 48) shows that the Company is proposing to return $229,043 to ratepayers via this cost element of the RRA.
4. **Lost Base Distribution Revenue due to Net Energy Metering (LBR due to NEM).** The Settlement identifies this cost element as one to be included in the RRA. Per RSA

362-A:9, VII the Company has the right to collect LBR due to NEM via a Commission approved method. The Settlement specifies that the RRA will include LBR only associated with qualifying renewable distributed generation (DG) resources installed after January 1, 2019. Installations prior to that date are not relevant due to their inclusion in the test year of the Company's most recent rate case DE 19-057. The DOE has thoroughly reviewed the details of the methodology and calculations provided in the testimony and schedules of Company witness Anderson and has determined it to be consistent with the approach previously used and approved by the Commission. The Company methodology calculates the LBR separately for Rate R customers, and Rates G and GV customers as distribution rates differ for these customer groups. The Company's calculations also properly take into account rate changes that occur over time (e.g. step increase mid-year). The calculation of LBR requires the use of certain assumptions regarding generation characteristics and use of Typical Meteorological Year (TMY) data in the widely accepted PV Watts model[1] developed and provided by the National Renewable Energy Laboratory (NREL). The DOE is very familiar with this model and accepts the calculations from its use as reasonable estimates for the basis of calculating LBR. The testimony of Anderson explains the calculation methodology and Attachments thereto provide the detailed LBR calculations. The DOE is satisfied that the Company has properly calculated the LBR due to NEM and has included appropriate carrying charges as presented on Attachment MBP/SRA-5 Page 1 of 5 (Bates 55).

5. **Storm Cost Amortization – Annual and Final (when applicable).** Consistent with both the Temporary and Permanent Rate Settlements in DE 19-057, the Company was authorized to collect $68,474,355 in unrecovered Storm Costs via a five (5) year amortization of this amount to include carrying charges at a rate equal to its long-term debt interest rate. This RRA cost element calculation has been reviewed and appears accurately presented in Attachment MBP/SRA-6 pages 1-6 (Bates 60 – 65).
6. **Rate Case Expense Amortization.** Finally, the approved, settled Rate Case Expense amount incurred by the Company and other participants in DE 19-057 of $1.8 million is amortized over five (5) years and is included in the RRA. The DOE has reviewed the details provided in Attachment MBP/SRA-7 pages 1-4 (Bates 66 – 69) and they appear accurately presented.

Conclusion

DOE has reviewed and investigated the material filed by the Company for each of the cost elements included, as authorized, in the RRA.

DOE's preliminary recommendation is to support the Company's filing and RRA rate adjustment. This includes preliminary support for the Company's request to carry forward unspent 2022 VMP amounts into the 2023 VMP program year, preliminary support for the Company's calculation of the LBR for NEM, and for all other cost elements of the RRA as presented. The DOE anticipates it will present its final position at hearing pending any additional information which may come to light though the Department and Commission's cross examination of Company witnesses.

[1] https://pvwatts.nrel.gov/