

**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

Order Fixing, Determining, and Prescribing Temporary Rates

ORDER NO. 27,041

July 31, 2024

In this order, the Commission fixes, determines, and prescribes a temporary increase of \$61,238,671 to Eversource's annual electric distribution revenues, effective August 1, 2024. For an average residential ratepayer (using 600 kilowatt-hours (kWh) per month), this will result in a total monthly bill increase of \$6.76 (or 5.27 percent), or an approximately 14.64 percent increase to the distribution portion of the bill. At the end of this proceeding, the permanent rates ultimately approved will be reconciled back to the effective date of the temporary increase.

I. BACKGROUND

On June 11, 2024, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) filed a petition requesting that the Commission set temporary and permanent distribution rates. With respect to temporary rates, Eversource asked the Commission to increase its normalized test year 2023 distribution revenues of \$438.26 million by \$76.69 million through temporary rates. See Hearing Exhibit 6.

On July 19, 2024, Eversource filed a Settlement Agreement on temporary rates, with supporting rate schedules, which was supported and entered-into by the New Hampshire Department of Energy (DOE) and the Office of the Consumer Advocate

(OCA). Hearing Exhibit 1. As the Settlement Agreement was late-filed, by one day, pursuant to the deadline in N.H. Code Admin. Rules Puc 203.20(f), the Company requested that the Commission waive this deadline and accept the Settlement Agreement for its consideration. These materials included an updated bill-impact analysis (Hearing Exhibit 4); updated temporary-rate Tariff pages for the Commission's review and approval (Hearing Exhibit 5); and an overview of revenue-requirement adjustments made (Hearing Exhibit 2), all related to the changes presented to the Company's temporary rates proposal as a consequence of the Settlement Agreement.

On July 25, 2024, the Commission held a duly-noticed hearing on Eversource's request for temporary rates. The Commission granted the waiver requested by the Company for the review of the late-filed Settlement Agreement in a bench ruling. The Company and the DOE presented sworn witnesses to offer hearing testimony in support of the Settlement Agreement, and the OCA also made oral hearing statements in support of the Settlement Agreement. Two members of the public, Eversource ratepayers, Ms. Kristine Perez and Mr. Paul Lutz, did not object to the Settlement Agreement, but made comments on the record urging the Commission to review the Company's rate-increase proposals carefully, in light of the cost hardships faced by many Eversource ratepayers such as themselves.

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>.

II. SUMMARY OF EVERSOURCE'S REQUEST (SETTLEMENT AGREEMENT)

As presented within the terms of the Settlement Agreement, the Company, the DOE, and the OCA agreed to a series of adjustments to the original Eversource

temporary rate proposal, which, in combination, served to reduce the Company's proposed increase in temporary rates from \$76,691,151 to \$61,238,671, to be effective August 1, 2024. These adjustments centered on: (1) removal of the Company-proposed recovery in \$9 million in storm-related costs from temporary rates; (2) removal of certain 'normalizing adjustments' from temporary rates that had been proposed by the Company, with the exception of 'normalizing adjustments' related to non-recurring, one-time items for the Consolidated Communications pole purchase approved by the Commission in Docket No. DE 21-020; and (3) base rate adjustments reflecting (i) the removal of all prepayments, for services in advance, such as insurance premiums, and (ii) the removal of all regulatory assets and liabilities included by the Company in its proposed rate base, for temporary rates, which were not previously authorized for recovery by the Commission. Hearing Exhibit 1 at Pages 3-5.

The Settlement Agreement also specified that, for the purposes of calculating temporary rates, the Company would use the capital structure approved in the last Eversource rate case settlement in Docket No. DE 19-057 (a 9.3 percent Return on Equity, and a 54.41 percent equity ratio resulting in a weighted-average cost of capital of 6.84 percent). Also, the Company agreed to pare back the proposed increased level for Residential Rate 'R' customers' fixed customer charge in temporary rates from \$16.34 to \$15.00 (the current customer charge being \$13.81) in lieu of an adjustment to the residential volumetric charge to allow an overall increase of 14.64 percent in revenue collection from residential customers, make an adjustment to residential time-of-use rates, and adjust all other distribution rate changes by a uniform percentage of 14.64 percent. Hearing Exhibit 1 at Page 5.

III. COMMISSION ANALYSIS

RSA 378:27 authorizes the Commission to set reasonable temporary rates that are "sufficient to yield not less than a reasonable return on the cost of the 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, unless there appears to be reasonable ground for questioning the figures in such reports." The New Hampshire Supreme Court has explained that "[t]his standard is 'less stringent' than the standard for permanent rates, in that temporary rates shall be determined expeditiously, 'without such investigation as might be deemed necessary to a determination of permanent rates.'" *Appeal of the Office of Consumer Advocate*, 134 NH 651, 660 (1991) (citation omitted); *see also Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty*, Order No. 26,855 (June 30, 2023) at 3.

Based on the record presented at hearing, the supplemental Settlement Agreement schedules filed by the Company on July 19, 2024, and the positions elucidated by the Company, the DOE, and the OCA within the Settlement Agreement and at hearing, we find that a temporary increase to Eversource's annual revenue requirements of \$61,238,671 appropriately balances the interests of Eversource's customers with the interests of its shareholders. For purposes of temporary rates, and the more limited investigation envisioned by RSA 378:27, we find that the record justifies the increase based on the books and records of the Company, as traced to the Company's FERC Form 1 on file with the Commission.

We make no findings in this Order that any capital investments are prudent, used, and useful; rather, we base our determination on a limited review of Eversource's reports on file with the Commission. The Company has made assertions that it is under-earning on its rate base as of its test year 2023; the DOE and OCA

have, by entering into the Settlement Agreement with the Company, evidently concurred with this assertion for the limited purpose of fixing temporary rates pursuant to RSA 378:27. See Hearing Exhibit 1, Page 2. Temporary rates are therefore appropriate, allowing Eversource to earn closer to its previously authorized return on rate base. Eversource and its customers are further protected because temporary rates are subject to reconciliation at the conclusion of the permanent rates proceeding in this docket. No objections to the Settlement Agreement on temporary rates were heard at the July 25, 2024 hearing.

The Commission notes that the size of the temporary rate increase is significant, which is concerning insofar as the scope of the increase could lead to 'rate shock' among Eversource's customers. While the temporary rate increase is appropriate per statute, the amount of the increase points to a need for a high level of scrutiny of the Company's proposals in the permanent rate case.

Based upon the foregoing, it is hereby

ORDERED, that the temporary rates presented at the July 25, 2024 hearing on temporary rates and in Eversource's Settlement Agreement schedules filed on July 19, 2024 are **APPROVED** as set forth herein above; and it is

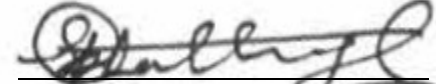
FURTHER ORDERED, that the temporary rates will be effective for service rendered on and after August 1, 2024, subject to reconciliation pursuant to RSA 378:29 at the conclusion of the permanent rate proceeding; and it is

FURTHER ORDERED, that Eversource shall submit with the Commission properly annotated revised Tariff pages consistent with this Order within 15 days of the date of this Order, as required by N.H. Code Admin. Rules, Puc 1603.

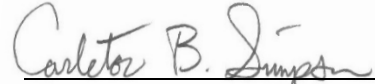
By order of the Public Utilities Commission of New Hampshire this thirty-first day of July, 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 24-070

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