

**STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

Docket No. DE 24-094

**Public Service Company of New Hampshire d/b/a Eversource Energy
Petition for Change in Pole Plant Adjustment Mechanism Rates**

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

September 6, 2024

Summary

The New Hampshire Department of Energy (“DOE” or “Department”) has reviewed materials filed in this matter by Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or “the Company”) with the New Hampshire Public Utilities Commission (“Commission”), which include the Company’s Petition and the Joint Testimony of Yi-An Chen, Scott R. Anderson, Joshua D. Letourneau, and Ian J. Farley with accompanying Attachments. These materials comprise the Company’s request and support for an adjustment to its Pole Plant Adjustment Mechanism (“PPAM”) rate for the period October 1, 2024, through September 30, 2025 (“2024 PPAM filing”). The DOE also reviewed Order No. 26,729 in DE 21-020 (Eversource Energy and Consolidated Communications Joint Petition to Approve Pole Asset Transfer) authorizing the transfer of utility poles and related assets and creation of the PPAM rate mechanism.

As described below, the preliminary (pre-hearing) opinion of the DOE is that the Company’s filing does not fully meet the requirements identified in Order No. 26,729 and the Company’s Corrected Compliance PPAM Tariff filed June 8, 2023, in DE 21-020. The Company’s filing addresses the limited set of identified cost elements approved for inclusion in the PPAM. However, it appears from the DOE’s review of the testimony and schedules included in the filing, in conjunction with additional information provided during discovery and a subsequent Technical Session, that certain costs have been improperly included, and certain revenues which should have been included, have instead been omitted from the 2024 PPAM filing. The DOE’s preliminary (pre-hearing) recommendation is that the Commission direct the Company to make certain adjustments to the 2024 PPAM filing prior to approval of the Company’s PPAM rate request and implementation of a new PPAM rate.

Background

The 2024 PPAM filing contains costs related to the four (4) specific cost elements that the Company is allowed to recover through the PPAM, as described in Order No. 26,729 and the Company’s Corrected Compliance PPAM Tariff filed June 8, 2023, in DE 21-020. The four (4) allowed cost elements include:

- a) Pole Replacement O&M Transfer Costs: The actual costs associated with replacement poles for the prior calendar year based on the actual number of poles replaced and the actual Eversource cost to transfer the conductor from the old to the new poles.
- b) Annual Inspection Costs: The actual inspection costs and other upfront costs for the prior calendar year consisting of the number of poles inspected in the former Consolidated

maintenance area and the per pole rate in effect. Upfront costs of \$250,000 in years 1 and 2 and \$75,000 in year 3 will also be included.

- c) Pole Attachment Revenue: Incremental third-party pole attachment revenues will be applied as an offset to the items in a) and b). Pole attachment revenues for formerly Consolidated owned poles will be tracked separately and billed at the Consolidated rate at the time of closing until a full pole attachment survey is conducted and, or a single, unified rate is applied to all poles.
- d) Vegetation Management Expense: The incremental vegetation management expense will be calculated as the vegetation management expenses formerly billed to Consolidated.

Order No. 26,729 in which the Commission approved the Pole Asset Transfer and established the PPAM states, “[u]nless otherwise stated, the Commission accepts the PPAM as proposed by Eversource, and allows the PPAM to operate until the resolution of Eversource’s next full rate case.” See Order at page 18. The pole ownership transaction between Eversource and Consolidated Communications (“Consolidated” or “CCI”) closed on May 1, 2023.¹ As anticipated, the 2024 PPAM filing contains expense and revenue amounts from the categories a) through d) described above.

DOE’s Analysis and Recommendation

The DOE has reviewed the materials provided in the Company’s filing pertaining to the PPAM expenses included in the current filing. The DOE discussed details related to O&M costs for pole inspections and pole replacements, billing to and revenues from pole attachments for CCI and other third-party attachers to poles now solely owned by Eversource, and vegetation management costs with the Company during a virtual Technical Session held September 3, 2024. The DOE also issued a set of data requests before the Technical Session as well as additional questions following the Technical Session.

During the Technical Session discussions with the Company, the DOE identified several expense and revenue issues which it believes require adjustment. These include the following:

1. As of May 1, 2023, when the Eversource/CCI transaction closed, CCI became a pole attacher to poles now solely owned by Eversource. As such, Eversource is entitled to receive pole attachment revenue from CCI in accordance with the terms and conditions governing the transaction. Based on documents provided by Eversource to the DOE, the pole attachment invoices sent by Eversource to CCI appear to have been paid well past the “Bill Due” date, yet Eversource did not assess late payment charges, which it was entitled to do under the terms of the Pole Attachment Agreement between the two companies. The DOE’s estimate is that these late payment charges would be approximately \$168,750 for the three bills issued to CCI in 2023. This estimate is based on billing and payment date information provided by the Company in response to discovery and the application of a late payment rate of 1.5% per month for each month after the bill due date.
2. As of May 1, 2023, with the close of the Eversource/CCI pole ownership transaction, Eversource was also entitled to receive additional pole attachment revenue from other third-party attachers to the now, solely owned poles which were formerly jointly owned with CCI. The Company provided details of the invoices sent to those other pole attachers in response to discovery. The Company billed third-party attachers a total of \$957,651 in December 2023 for the six-month

¹ See Joint Notice of Transaction Closing, dated May 1, 2023, at Tab 114 in the Commission’s Virtual File Room at [DE 21-020](#)

attachment period of July 2023 through December 2023. See response to DOE 1-004 (b) attached. According to the Company's discovery response, payments totaling \$317,843 have been received from 22 accounts, but \$639,808 remains outstanding from 18 accounts. Based on discussions with the Company, the DOE understands that the only remedy the Company intends to implement related to late payments from third-party attachers is to refuse to grant authorization for further pole attachment activity to delinquent attachers until their outstanding bill amounts are paid. The DOE does not believe this is a sufficient response and that the Company should assess late payment fees on these amounts. The DOE recommends that the Commission direct the Company to adjust its 2024 PPAM rate filing by including an appropriate amount of late payment fees to be assessed on delinquent third-party pole attachers. The DOE does not have sufficient information to provide an accurate estimate of this amount. However, for purposes of providing a rough estimate the DOE includes the recommended amount of \$76,777 – an amount derived using the same late payment fee method applied to CCI.

3. The DOE believes it is appropriate to include an adjustment to the 2024 PPAM rate filing related to unbilled late payment charges, as recommended in 1) and 2) above, because the Company has included the billed amounts for both CCI and third-party attachers in the filing. At Attachment YC/SRA/JDL/IJF-4 page 1 of 1 (Bates 32 of original filing), Line 1, the Company has recorded "Pole Attachment Revenue" in the amount of \$4,708,000. This amount is equal to the sum of \$3,750,000 billed to CCI in 2023 and \$957,651 billed to third-party attachers in 2023. The DOE recommends that if it is not practicable to include a late payment adjustment related to third-party attachers at this time, it would be reasonable to establish the amount of that adjustment now and to include that as an adjustment to next year's PPAM filing.
4. In addition to the adjustment recommended in item 2 above related to third-party attachers, the DOE has also noted that while Eversource has billed these third-party attachers for the six-month period July 2023 – December 2023, the Company has not included any pole attachment revenue from these pole attachers for the months of May and June 2023. As the Eversource/CCI transaction closed on May 1, 2023, and Eversource has included incremental costs related to pole replacements, etc. beginning on that date, the DOE recommends that the Company be directed to also include third-party pole attachment revenue effective as of that date. This would create a balanced approach to including both expenses and revenues as of May 1, 2023. Using the Company's billed amount for the six-month service period of \$957,651 related to the third-party attachers, the DOE recommends that an additional imputed revenue amount of \$319,217 be included as an adjustment to the 2024 PPAM rate.
5. The DOE requested additional detail about an \$18,000 expense recorded on Line 2 of the Company's Attachment YC/SRA/JDL/IJF-4 page 1 of 1 (Bates 32 of original filing). In response to discovery, the Company explained that "...the amount specified represents incremental O&M expense amounts incurred post-CCI closing to handle and coordinate the transfer of third-party attacher information and records taken over from CCI." See response to DOE 1-004 in attachments to this statement. The DOE does not consider this to be an expense that is included by any of the four (4) PPAM expense categories enumerated above in this statement as items a) through d). Specifically, this expense is not a "Pole Replacement O&M Transfer Cost" as that cost category relates specifically to transfer of conductors to newly installed poles. Nor should this expense be included as a component in "Pole Attachment Revenue" as that category specifically includes "revenues" related to pole attachments and makes no reference to netting of costs necessary to bill pole attachers. The DOE recommends that the Commission direct the Company to remove this expense from the calculation of the PPAM rate.

Conclusion

The DOE has reviewed and investigated the material filed by the Company for the cost elements included, as authorized, in the PPAM. The DOE’s preliminary (pre-hearing) position is to recommend that the Commission direct the Company to include the revenue and expense adjustments described in detail above and summarized in Table 1 below, to its proposed PPAM rate, as presented. The DOE anticipates it will present its final position at hearing pending any additional information which may come to light through the Department’s cross-examination and the Commission’s questions of Company and DOE witnesses.

Table 1. DOE Recommended Adjustments to Eversource 2024 PPAM Rate Request			
Recommended Adjustment Number	Description	Impact to 2024 PPAM proposal	Amount
1	Late Payment Fees from CCI	Reduction (Add'l Revenue)	\$168,750
2	Late Payment Fees from 3 rd Party Att.	Reduction (Add'l Revenue)	\$76,777
4	May+June 2023 3 rd Party Pole Attach Rev.	Reduction (Add'l Revenue)	\$319,217
5	Eliminate Exp. for data handling & billing	Reduction (Remove Expense)	\$18,000
Total		Reduction	\$582,744

The DOE has estimated the impact on the proposed overall average PPAM rate of the recommended adjustments to revenue and expense components summarized in Table 1 above on the Company’s 2024 PPAM filing by using information provided on Attachment YC/SRA/JDL/IJF-1 page 1 of 3 (Bates 27 in original filing). The DOE estimates that implementing the Table 1 adjustments² would reduce the average PPAM rate from 0.093 cents/kWh as shown in the Company filing (Bates 27 in original filing) to an adjusted PPAM rate of 0.086 cents/kWh.

² Note that as discussed above, Recommendation 2 could be updated if additional information is available from Eversource.