

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 24-094

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

Petition for Change in Pole Plant Adjustment Mechanism Rates

Order Setting Pole Plant Adjustment Mechanism Rates

ORDER NO. 27,057

September 30, 2024

On August 1, 2024, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed a petition to adjust its Pole Plant Adjustment Mechanism (PPAM) rate for effect between October 1, 2024 and September 30, 2025. In its petition, Eversource sought to recover \$7,156,000 in PPAM-related costs through an average PPAM rate of 0.093 cents per kWh (\$0.93 per MWh). The Commission held a duly-noticed public hearing on the proposal on September 13, 2024. At the hearing, the New Hampshire Department of Energy (DOE) supported the petition in part but recommended that the Commission reduce the recovery amount by \$563,750 to account for: (1) pole attachment revenue for 2023 that Eversource did not receive until 2024; (2) late fees that Eversource could have, but did not, charge for late pole attachment payments; and (3) costs related to transferring pole attachment customer data that the DOE argues is not recoverable through the PPAM.

For the reasons laid out in this order, the Commission agrees with the DOE's recommendations that Eversource's proposed recovery amount should be reduced by \$563,750, which would result in a lower rate than Eversource's proposal. However, given the limited time between the initial petition, hearing, and implementation of the rates, the Commission will allow the proposed rates to go into effect on October 1,

2024, subject to future reconciliation of the revised recovery amount in next year's filing. As a result of this order, the new PPAM for residential customers will be \$0.00129 per kWh (\$1.29 per MWh) effective October 1, 2024, a decrease from the currently effective rate of \$0.00270 per kWh (2.70 per MWh). For the average residential customer using approximately 600 kWh of electricity a month, this new rate will result in a monthly PPAM charge of \$0.77.

I. STANDARD OF REVIEW

The Commission is authorized to fix rates after a hearing, upon determining that rates, fares, and charges are just and reasonable. RSA 378:7. In circumstances where a utility seeks to increase rates, the utility bears the burden of proving the necessity of the increase pursuant to RSA 378:8. In determining whether rates are just and reasonable, the Commission must balance the customers' interest in paying no higher rates than are required against the investors' interest in obtaining a reasonable return on their investment. *Eastman Sewer Company, Inc.*, 138 N.H. 221, 225 (1994). In this way, the Commission serves as arbiter between the interests of customers and those of regulated utilities. *See* RSA 363:17-a; *see also EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 25,202, at 17 (March 10, 2011).

II. BACKGROUND AND PETITION

Prior to May 1, 2023, Eversource and Consolidated Communications of Northern New Hampshire, LLC d/b/a Consolidated Communications (Consolidated) jointly owned 343,000 utility poles in New Hampshire subject to a joint use/ownership agreement. *New England Power Co.*, Order No. 26,729, at 5 (November 18, 2022). In addition, Consolidated solely-owned approximately 3,800 poles. *Id.* Both companies derived income from the poles through pole attachment agreements with third parties. *Id.* In Order 26,729, the Commission authorized Eversource to purchase

Consolidated's interests in both the poles and related assets, which included the rights to income from third-party attachments. *Id.* The transaction became effective on May 1, 2023. *Id.* Pursuant to the transaction agreement, Consolidated would continue to use the utility poles and would pay Eversource a fee to do so. *Id.* As is relevant to the parties' dispute in this docket, the agreement between Eversource and Consolidated allows Eversource to assess late fees for any late attachment payments. *See* Exh. 2 at Bates Page 54.

In Order No. 26,729, the Commission also authorized Eversource to implement the PPAM to recover costs associated with maintaining the utility poles, to be offset by the "incremental third-party pole attachment revenues" Eversource earns through the pole attachment agreements with both Consolidated and other third parties. *See* Eversource Tariff No. 10, Page 22A; *see also* Order No. 26,729. The PPAM includes two separate components. The first allows Eversource to recover its actual PPAM-related expenses (offset by the attachment revenues) from the prior calendar year. The second is a reconciliation of any over- or under-recoveries from the prior recovery period. The PPAM is adjusted annually and there is a twelve-month recovery period that runs from October 1 through September 30 of the following year. Order No. 26,729.

The PPAM includes three categories of costs Eversource is entitled to recover, namely:

- (a) Pole Replacement Operation and Management Costs, which includes the actual costs associated with replacing poles for the prior calendar year based on the actual number of poles replaced and the actual cost to Eversource to transfer the conductor from the old to the new poles.
- (b) Annual Inspection Costs, which include the actual inspection costs and other upfront costs for the prior calendar year consisting of the number of poles inspection in the former Consolidated maintenance area and the per pole rate in effect.

- (c) Vegetation Management Expense, which is separate from the expenses Eversource recovers through its Retail Rate Adjustment, and includes the vegetation management expenses formerly billed to Consolidated.

See Eversource Tariff No. 10, Page 22A; see also Order No. 26,729.

In its petition, Eversource reported the following actual PPAM-related costs in Calendar Year 2023: \$259,000 in actual pole replacement costs for replacing 147 poles that were identified as needing repair; \$44,000 in annual inspection costs; and \$11,324,000 in annual vegetation management costs. See Exh. 1 at Bates Page 30–31, 33. In addition, Eversource reported \$4,690,000 in pole attachment revenues for Calendar Year 2023. *Id.* at Bates Page 32. Eversource also reported an under-recovery of \$2,000 from the prior PPAM period that it seeks to recover in this year's filing. See Exh. 1 at Bates Page 27. Finally, Eversource reported an estimated rate of return on its forecasted under-recovery for October 1, 2024 through September 30, 2025, of \$218,000. *Id.* In total, Eversource's sought to recover \$7,156,000 through the PPAM (i.e., this figure is equal to the company's actual 2023 PPAM costs and past and forecasted under-recoveries less its actual 2023 revenues). *Id.*

To calculate the proposed rates, Eversource divided the recovery amount of \$7,156,000 by its forecasted sales during the recovery period of 7,664,782 MW to derive an average PPAM rate of 0.093 cents per kW (\$0.93 per MWh). *Id.* Eversource then derived the individual rates for each rate class by calculating an equal percentage increase based on the adjustment to the average PPAM rate and set rates using the target revenue increase for each rate class as set in Eversource's last base distribution rate case. *Id.*; see also Table 1, *supra* (demonstrating Eversource's proposed rates).

III. ISSUES AND ANALYSIS

Eversource argues that the Commission should find that its proposed rates are just and reasonable and allow them to take effect on October 1, 2024. For its part, the

DOE largely supports Eversource's petition but argues that the recovery should be reduced by \$563,750 to account for three adjustments. First, the DOE argues that Eversource's recovery amount should be decreased by \$487,000 to account for pole attachment revenue attributable to 2023. Second, the DOE argues that Eversource's 2023 recovery should be decreased by \$58,750 to account for a late fee that Eversource could have charged Consolidated for a late payment pursuant to an agreement between the two companies but did not. Finally, the DOE argues that the Commission should reduce the recovery amount by \$18,000 because it relates to the collection of customer data which is not one of the enumerated costs Eversource is entitled to recover under the PPAM.

The Commission will consider each of the DOE's proposed adjustments in turn. The Commission will then analyze Eversource's remaining expenses and revenues. Finally, the Commission will determine and set a PPAM rate for the recovery period of October 1, 2024 through September 30, 2025.

A. Additional Pole Attachment Revenue

The DOE first argues that the Commission should decrease the recovery amount by \$487,000 to account for additional pole attachment revenue from 2023 that Eversource did not include in its initial petition.¹ At hearing, Eversource agreed that this additional revenue should be included in its actual 2023 pole attachment revenue. Having reviewed the record, the Commission agrees with both parties that these amounts should be included as 2023 revenue, and that the recovery amount should therefore be reduced by \$487,000.

¹ This money represents certain post-May 1, 2023 revenue that Consolidated had collected from third-party attachers prior to the May 1 transaction but did not pay to Eversource until February 2024. According to Eversource's witnesses, Consolidated's practice was to bill third-party attachers in January for either six- or twelve-month periods and thus Consolidated had already collected post-May 1 revenue by the time the transaction was effected.

B. Late Fees Against Consolidated

The second issue is whether the Commission should impute \$58,750 to Eversource's 2023 revenue (and thus decrease the total recovery amount) to account for late fees that Eversource could have charged Consolidated pursuant to their transaction agreement for a late payment on an attachment bill in 2023 but did not. It is undisputed, and the evidence in the record supports, that Consolidated did not pay the bill at issue in a timely manner, that Eversource had the right under its agreement to assess a late fee, and that Eversource was entitled to assess a fee of \$58,750 based on the late payment.

The DOE argues that even though Eversource did not actually assess this late fee, the Commission should impute the fee to Eversource's revenue because Eversource has an obligation to take all reasonable actions to benefit its ratepayers.

In response, Eversource argues that the Commission should not impute the late fee to its revenue because ratepayers were not harmed by the late payment. In support of this argument, Eversource's witnesses testified that, pursuant to its accounting practices, the company credits all payments on bills for pole attachments at the time it issues the bill and not when it receives payment. As a result, Eversource argues, ratepayers are unaffected by Eversource's actions with respect late to payments, including its decision of whether to assess fees. Notably, Eversource's witnesses testified that the company did not assess late fees against Consolidated because modifications to its sundry billing system did not allow for the automatic assessment of late fees. The witnesses further testified that Eversource "has not had the resources

or time to charge late fees through a manual process” and thus has not assessed any late fees against attachers. Trans. at 39.

In light of both arguments, the Commission agrees that a late payment of \$58,750 should be imputed to Eversource’s 2023 revenue and that the company’s recovery amount should be reduced accordingly. As noted above, when determining whether rates are just and reasonable, the Commission must balance the customers’ interest in paying no higher rates than are required against the investors’ interest in obtaining a reasonable return on their investment. *Eastman Sewer Company, Inc.*, 138 N.H. at 225. In the Commission’s view, the customers’ interest in paying no higher rates than necessary implies an obligation from the utility to increase its revenue wherever reasonable and thus decrease the costs passed to ratepayers. Because assessing a late fee against Consolidated would increase Eversource’s revenue, which would have a downward effect on rates, the Commission finds that Eversource should have assessed this fee and that it is therefore appropriate to impute the late fees to Eversource’s revenue.

The Commission does not find Eversource’s argument to the contrary availing. While the Commission acknowledges that there may be circumstances where it is inappropriate to assess a late fee against a third-party vendor, Eversource has not made that showing here. Specifically, the Commission disagrees with Eversource’s argument that the late fees should not be imputed to its revenues because its accounting practices shield customers from the harm of late payments and thus they were not harmed by the lack of a late fee. Put simply, customers would be harmed if the Commission did not impute a late fee because they would be paying rates reflecting a higher recovery amount.

In addition, the Commission is not swayed by the fact that Eversource's billing system did not allow for the automatic assessment of late fees for three reasons. First, Eversource's ratepayers should not be penalized for flaws in the company's billing system that make it difficult for the company to collect fees it is legally entitled to and that would benefit its ratepayers. Second, Eversource has not made a sufficient showing that it would be cost-prohibitive to determine and collect late fees from Consolidated and other third-party attachers, particularly where the late fees at issue are quite high and thus could potentially represent a substantial amount of revenue. Finally, Eversource has not shown that it is now precluded from collecting these late fees and that it cannot now recover this cost.

Accordingly, the Commission concludes that Eversource should have assessed a late fee of \$58,750 against Consolidated, and that this amount should therefore be imputed to its 2023 revenue.

C. Costs to the Transfer of Third-Party Attacher Information

The third issue is whether the Commission should disallow the recovery of \$18,000 that Eversource attributes to the incremental operation and management expense that it incurred to coordinate the transfer of third-party attacher information and records from Consolidated. *See* Trans. at 27–28. According to Eversource's witnesses, Consolidated provided Eversource incomplete customer data following the closing, which required Eversource to assign personnel to ensure that it has accurate billing information about these attachers. *Id.* Eversource's witnesses testified that the company would not have incurred these personnel costs if it had not been necessary to obtain information about the attachers in order to collect pole attachment revenues. *Id.*

The DOE argues that this \$18,000 should be excluded from the PPAM-recovery because it is not one of the four enumerated items addressed by the PPAM as laid out in Order No. 26,729 and the Eversource tariff, which incorporates the categories approved in that order. Specifically, the DOE notes that collection of data on third-party attachers does not relate to annual pole inspections, vegetation management, or the replacement of utility poles—which are the three categories of expenses Eversource is entitled to recover through the PPAM. In addition, the DOE maintains that these personnel costs do not constitute “[i]ncremental third-party pole attachment revenues,” see Eversource Tariff No. 10 at Page 22A, which is the fourth item covered by the PPAM. Accordingly, the DOE argues that, based on a strict reading of Order No. 26,729 and the tariff implementing that order, Eversource is not entitled to recover these costs through the PPAM.

In response, Eversource avers that the DOE’s reading of the PPAM elements is too narrow. Eversource argues that a broader interpretation of the PPAM elements that “focus[es] on the incremental nature of the pole attachment revenues” is more appropriate. Specifically, Eversource notes that had the company not obtained the information about third-party attachers, it would have been unable to bill them and collect the revenue. Eversource maintains that, because it is required to collect revenues to the benefit of ratepayers, a reasonable reading of the order and tariff provision would also allow the company to recover the costs associated with collecting the revenues.

Given the parties’ arguments, the Commission must look to the language of Order No. 26,729, which established the PPAM, and Eversource’s tariff, which implemented the approval of the PPAM. The interpretation of Commission orders must be based on the plain meaning of the words contained in them. See *Connecticut Valley*

Electric Company Public Service Company Of New Hampshire, Order No. 23,939, at (March 29, 2002) (citing *Appeal of University System of New Hampshire*, 129 N.H. 632, 637 (1987)). Likewise, when interpreting a tariff, the Commission applies the principles of statutory construction and contract interpretation, which requires the Commission to first look at the plain and ordinary meaning of the terms of the tariff. *Freedom Ring Commc'ns, LLC d/b/a Bayring Commc'ns*, Order No. 24,837, at 40 (March 21, 2008) (citing *City of Rochester v. Corpening*, 153 N.H. 571, 573 (2006)). In the context of contract law, the New Hampshire Supreme Court has stated that, when interpreting the plain language of a written document, an adjudicative body must give the language its reasonable meaning, considering the circumstances under which it was written, and reading the document as a whole. *Birch Broad. v. Capitol Broad. Corp.*, 161 N.H. 192, 196 (2010). While the adjudicator must give the document the meaning intended by the parties when they wrote it, “[a]bsent ambiguity, the . . . intent will be determined from the plain meaning of the language used” *Id.* Statutory interpretation follows similar principles. See *Polonsky v. Town of Bedford*, 171 N.H. 89, 93 (2019).

In light of this law, and the fact that it is Eversource’s burden to show that its proposed rates are just and reasonable, see RSA 378:8, the Commission concludes Eversource has not shown that the \$18,000 is recoverable through the PPAM under Order No. 26,729 or the applicable tariff language. Eversource argues that this cost should be permitted because it is an incremental cost associated with the collection of pole attachment revenue. But Order No. 26,729 does not state that Eversource can collect the incremental costs associated with pole attachment revenues through the PPAM. Moreover, the language in Eversource’s tariff implementing Order No. 26,729 states that: “Incremental third-party pole attachment revenues will be applied as an

offset to” pole attachment expenses. See Eversource Tariff No. 10 at Page 22A. It likewise does not stat that Eversource can recover costs associated with collecting the revenue.

While Eversource argues that the order and tariff must be read more broadly, it did not point to any language in the order or tariff supporting this position, argue that the language was ambiguous, or provide any legal, textual, or factual basis as to why the Commission should interpret the order or tariff to allow the recovery of the \$18,000 at issue through the PPAM. As the plain language does not expressly authorize its recovery, and Eversource has not provided a convincing basis for the Commission to read the language more broadly, the Commission determines that Eversource has not its burden to show that this amount was recoverable in this docket. Accordingly, the Commission will reduce Eversource’s recovery amount by \$18,000.

D. Remaining Costs and Revenues and Appropriate Rates

The next issue is whether Eversource’s remaining costs and revenues have been appropriately included in the PPAM filing consistent with Order No. 26,729 and Eversource’s PPAM tariff. Notably, except for the issues discussed above, the DOE agrees that Eversource’s remaining expenses and revenues are appropriately included in the PPAM filing and recommends that the Commission approve them. Having reviewed Eversource’s filing, and in reliance on the DOE’s recommendation, the Commission finds that, except for the adjustments made above, Eversource’s reported PPAM recovery amount is reasonable and consistent with Order No. 26,729 and Eversource’s tariff.

In sum, Eversource’s petition initially sought to recover \$7,156,000 through a PPAM rate effective October 1, 2024 through September 30, 2025. The Commission

has reduced this amount by \$563,750, but otherwise approves the recovery amount. Accordingly, the Commission finds that the appropriate PPAM recovery amount is \$6,592,250 and that just and reasonable rates should reflect the recovery of this amount over the twelve-month recovery period.

However, given the condensed schedule for the PPAM filing, there is insufficient time for Eversource to file adjusted rates based on this new amount and for the DOE and Commission to meaningfully review them prior to implementation. Accordingly, the Commission finds it appropriate to allow Eversource to implement the rates it proposed in its August 1 petition subject to reconciliation of the revised amount in the next annual PPAM filing. The Commission concludes that these rates, subject to future reconciliation as laid out in this order, are just, reasonable and consistent with Order No. 26,729 and Eversource's tariff.

In reaching this conclusion, the Commission notes that Eversource appears to have used an appropriate formula to calculate its proposed rates based on its proposed recovery amount, and the DOE did not challenge Eversource's calculation. Further, while the Commission's order will allow slightly higher rates to take effect on October 1 than the revised recovery amount would permit, the Commission notes that the average residential ratepayer will pay a monthly PPAM charge of \$0.77 at the authorized rate and thus the negative impact on ratepayers for the upcoming year will be small, and that ratepayers will receive \$563,750 with interest, in next year's PPAM.

Accordingly, Eversource is authorized to implement the following rates effective October 1, 2024 through September 30, 2025, subject to future reconciliation as laid out in this order:

Table 1
Rates Effective October 1, 2024 through September 30, 2025

Rate Class	Block	Rate (in kWh)
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R	All KWH	\$ 0.00129
Uncontrolled Water Heating	All KWH	\$ 0.00072
Controlled Water Heating	All KWH	\$ 0.00072
R-OTOD	On-peak KH	\$ 0.00129
	Off-peak KWH	\$ 0.00129
R-OTOD 2	On-peak KWH	\$ 0.00129
	Off-peak KWH	\$ 0.00129
G	Load charge (over 5 KW)	\$ 0.42
Space Heating	All KWH	\$ 0.00077
G-OTOD	Load charge \$ 0.42	\$ 0.42
LCS	Radio-controlled option	\$ 0.00072
	8-hour option	\$ 0.00072
	10 or 11-hour option	\$ 0.00072
GV First 100 KW \$ 0.18	First 100 KW	\$ 0.18
	All additional KW	\$ 0.18
52 EV-2	All KWH	\$ 0.00252
LG	Demand charge	\$ 0.15
B	Demand charge	\$ 0.11
61 OL, EOL, EOL-2	All KWH	\$ 0.00396

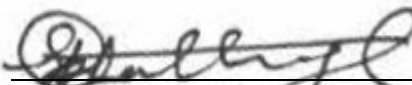
Based upon the foregoing, it is hereby

ORDERED, that Eversource is authorized to implement the rates in Table 1 effective October 1, 2024 through September 30, 2025, subject to the future reconciliation (a reduction of \$563,750 plus interest) as laid out in this order; and it is

FURTHER ORDERED, that Eversource shall file conforming tariff pages showing the approved PPAM rates within 15 days of this order.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of September, 2024.


 Daniel C. Goldner
 Chairman


 Pradip K. Chattopadhyay
 Commissioner

Service List - Docket Related

Docket#: 24-094

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Email Addresses

ClerksOffice@puc.nh.gov
scott.anderson@eversource.com
yi-an.chen@eversource.com
Energy-Litigation@energy.nh.gov
paul.b.dexter@energy.nh.gov
Stephen.R.Eckberg@energy.nh.gov
ian.farley@eversource.com
sandra.gagnon@eversource.com
donald.m.kreis@oca.nh.gov
alexandra.k.ladwig@energy.nh.gov
joshua.letourneau@eversource.com
nhregulatory@eversource.com
elizabeth.r.nixon@energy.nh.gov
amanda.o.noonan@energy.nh.gov
ocalitigation@oca.nh.gov
bryant.robinson@eversource.com
jacqueline.m.trottier@energy.nh.gov
david.wiesner@eversource.com