

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

**Public Service Company of New Hampshire
Line Extension Policy**

Docket No. DE 08-135

**Technical Statement of
Charles R. Goodwin**

February 24, 2014

A. Purpose of Technical Statement

This Technical Statement is being submitted to provide a report of the average line extension cost per foot by construction type for the years 2011 through 2013. The Settlement Agreement in this docket requires PSNH to provide this report to the Settling Parties by March 1 of each year, beginning in 2013, with the resulting costs per foot for overhead and underground single-phase facilities to be charged to customers during the period April 1 of the current year through March 31 of the following year. Charges for overhead and underground three-phase line extensions will continue to be based on the customer-specific job requirements.

B. Background

In the Settlement Agreement approved by the Commission in Order No. 25,046, dated November 20, 2009, the Parties agreed to a line extension policy which better aligned the costs and revenues related to the provision of service to new customer locations. The Settling Parties agreed to phase in, over the three-year period ending March 31, 2013, the implementation of the average cost per foot charges in order to lessen the impact of the proposed line extension policy on customers who request line extensions. The Settling Parties also agreed to update the methodology to calculate the average cost per foot charges by construction type after the three-year phase-in was complete. PSNH is required to update the average cost per foot figures annually thereafter, based on line extensions completed during the previous three calendar years. Updated cost per foot amounts will then become effective on April 1 of each year, starting in 2013.

C. Calculation of line extension average costs per foot

Following the methodology described in the Settlement, PSNH recorded the actual cost of each line extension that was initiated and completed during the period January 1, 2011 through December 31, 2013. PSNH recorded whether each line extension included an overhead or underground service drop and the total length of the line extension, including the service drop, if applicable. PSNH included all

actual costs associated with the line extension construction, except for the cost of transformers. Line extensions using more than one type of construction (i.e., using both overhead and underground construction or using both single-phase and three-phase construction) were eliminated from the database used for the calculations. Adjustments were made to the actual cost of each line extension and to the total length of the line extension, as described below:

1. Line extension costs for 2011 and 2012 were adjusted to the 2013 level, using the annual average Consumer Price Index, all urban customers, northeast region, all items, not seasonally adjusted, as published by the Bureau of Labor Statistics of the U.S. Department of Labor.
2. A service drop adjustment was made to overhead single-phase line extensions and underground single-phase line extensions that included a service drop. Actual costs were reduced by the cost of an overhead single-phase service drop and the total length of the distribution facilities was reduced by 125 feet.

Attachment CRG-1 shows the summary of line extensions by construction type.

D. Comparison between current and revised charges

As a result of the updated calculations, the cost per foot for single-phase overhead line extensions will increase \$0.83, from \$20.71 to \$21.54, on April 1, 2014. The cost per foot for single-phase underground line extensions will decrease \$0.11, from \$15.48 to \$15.37. Charges for three-phase overhead and underground line extensions will continue to be based on customer-specific job requirements.

E. Revised Tariff Pages

PSNH has enclosed revised tariff pages, in both clean and "black-lined" versions, incorporating the revised line extension amounts described above. Since this filing is made in compliance with a settlement previously approved by the Commission, PSNH requests that the Commission allow the tariff pages to become effective on April 1, 2014 absent an order, pursuant to Puc 1603.07.