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April 2, 2015

Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street Suite 10  
Concord, New Hampshire 03301

Re: Docket No. IR 14-190  
Electric Distribution Utilities  
Investigation into Line Extension Policies  
Staff Recommendation

Dear Ms. Howland:

The Commission issued an order of notice to open the above-captioned docket on July 18, 2014, for the purposes of investigating the policies of the electric distribution utilities regarding line extensions for new residential housing. The Commission required Public Service Company of New Hampshire now Eversource (Eversource), Liberty Utilities (Granite State Electric) Corp. (Liberty), and Unitil Energy Systems, Inc. (Unitil) to participate in the proceeding.

On November 20, 2009, the Commission issued Order No. 25,046 approving a new line extension tariff for PSNH, now Eversource. In accordance with that tariff, Eversource now charges for line extensions based on the average costs per foot for its overhead and underground construction and requires the cost of the extension to be paid in full by the customer before construction begins. With the implementation of the new tariff, Eversource reduced the portion of the extension provided at no cost to the customer from 300 feet to the length of a standard service drop, typically 125 feet, and eliminated an allocation of the cost of a line extension between the initial customer and subsequent customers who take service from the same line extension within five years of construction. In its 2013 distribution rate case, Liberty adopted a flat cost per foot for overhead line extensions, similar to Eversource's tariff, although Liberty did not request a yearly re-calculation of the cost as Eversource did. Liberty retained the allowance of 300 feet of overhead line extensions provided at no cost to the customer as well as the five-year cost allocation procedure previously employed by Eversource. Liberty added the requirement that all line extensions under \$3,000 would be paid for up front, however.

One notable exception in Liberty's line extension tariff is that Liberty does not construct underground line extensions on private property. Liberty will connect the customer's underground line extension to its distribution system; however, the customer is responsible for contracting for and payment of the full extension as well as any future maintenance and repair. Unitil assesses line extension costs on a flat per-foot basis as well, provides 300 feet of the extension at no cost to the customer and provides for cost reallocation when new customers take service from the line extension within 5 years of construction.

In the course of its investigation, Staff held several technical sessions. Initially, Staff anticipated that the parties would be able to develop a mutually agreed to line extension policy that would be uniform among the companies, clear to customers and which fairly allocated costs. The parties were unable to reach such an agreement. As a result, Staff makes the following recommendations for the Commission's consideration:

1. For new line extensions, each distribution utility shall provide one pole and a service drop at no cost to customers (approximately 300 feet). This allowance should apply to both overhead and underground extensions. For Eversource, this provision will result in the application of the per foot cost to all but the first 300 feet of the extension.
2. For projects that cost up to \$3000, the customer shall pay the costs prior to construction. For projects in excess of \$3000, customers can choose to pay the excess costs over a period of time not to exceed 5 years. The companies may charge interest on any unpaid amounts equal to the rate applied to customer deposits.
3. Eversource should begin to allocate, and Unitil and Liberty should continue to allocate, costs between the initial customer and any subsequent customer that takes service from the initial line extension in the five-year period following the construction of the line extension. The first customer shall be responsible for notifying the company when a new customer takes service from the line extension. Absent such notification from the first customer, the utility shall not be required to allocate the cost of the extension to subsequent customers.
4. Liberty is the only electric distribution utility that does not take ownership of underground line extensions. Staff understands that Liberty already locates and marks underground residential service lines. Staff recommends that the Commission require Liberty to take ownership of and maintain line extensions for all the new residential underground service lines, consistent with the practice of Eversource and Unitil.

Thank you for your attention to this matter. If you have any questions, please let us know. Staff will work with the parties to schedule a hearing date on this matter.

Sincerely,

A handwritten signature in black ink that reads "Tom Frantz". The signature is stylized with a long horizontal line extending from the end of the name.

Tom Frantz  
Director, Electric Division

A handwritten signature in blue ink that reads "Amanda O. Noonan". The signature is written in a cursive style.

Amanda Noonan  
Director, Consumer Affairs Division

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