

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 09-035, DE 11-250 and DE 14-238

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

**Order Approving Reconciliation and Adjustment to Reliability Enhancement
Program Expenses and Revenues**

ORDER NO. 25,913

June 28, 2016

APPEARANCES: Matthew J. Fossum, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; the Office of Consumer Advocate by Donald M. Kreis, Esq., on behalf of residential ratepayers; and Suzanne Amidon, Esq., on behalf of Commission Staff.

In this Order, the Commission approves the reconciliation of Eversource's reliability enhancement program and approves an average rate increase of 0.048 cents per kWh effective with services rendered on and after July 1, 2016, to allow Eversource to reconcile the costs and revenues for the program for the prior period, and to fund the program through the end of June 2017. This change, combined with changes to the Company's stranded cost adjustment charge, transmission cost adjustment mechanism and energy service rates, all for effect July 1, 2016, will result in an overall increase in monthly bills from \$115.79 to \$125.55, an increase of 8.4 percent, for the typical residential customer taking energy service from Eversource and using 625 kWh per month. For Eversource residential customers taking energy supply from a competitive supplier, the non-energy portion of the monthly bill will increase by approximately 7 percent.

I. PROCEDURAL HISTORY

On April 29, 2016, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) filed a motion for approval of the reconciliation of expenses and revenues relating to its reliability enhancement program (REP) activities between April 1, 2015,

and March 31, 2016, and for review of Eversource's forecast of activities for the period April 1, 2016, through June 30, 2017. The filing was made pursuant to a comprehensive settlement agreement, the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement (2015 Settlement Agreement) that was filed on June 10, 2015. The 2015 Settlement Agreement relates to the State's efforts to restructure the electric utility industry and Eversource's continued ownership of electric generation assets. The parties to the 2015 Settlement Agreement concurred that Eversource's REP activities should receive continued support, rather than lapse on June 30, 2015, and made specific provisions for that continuation in the 2015 Settlement Agreement. The Office of Consumer Advocate (OCA) is a participant in Dockets DE 09-035, DE 11-250 and DE 14-238, and is a signatory to the 2015 Settlement Agreement.

The Commission approved the REP and associated funding in the Company's 2006 distribution rate case to provide targeted funding for enhanced capital and operation and maintenance (O&M) spending, intended to improve the reliability and resilience of Eversource's distribution system. In Docket No. DE 09-035, Eversource's 2009 distribution rate case, the REP was expanded to allow the Company to develop and implement plans for specific projects. *See Public Service Company of New Hampshire*, Order No. 25,123 (June 28, 2010). The targeted funding, which was scheduled to end on June 30, 2015, continued through June 30, 2016, pursuant to Order No. 25,793 (June 25, 2015). Part 2, Section E of the 2015 Settlement Agreement provided for the continuation of the REP funding through June 30, 2017.

II. POSITIONS OF THE PARTIES AND STAFF

A. Eversource

Eversource summarized its REP-related capital and O&M activities over the twelve months ending June 2016. According to the Company, the largest capital investment has been in

the area of Distribution Automation, including the addition of pole-top Supervisory Control and Data Acquisition. Eversource said that these measures will result in interruptions to fewer customers, shorter interruption times, and significantly greater real-time system intelligence for operational and engineering personnel.

In addition, Eversource is conducting a connectivity inspection to accurately map each customer to the correct transformer, phase, and protective device in its Geographic Information System (GIS). The Company said that this information will enhance Eversource's response to power outages. Eversource testified that it continued to address overhead reliability and safety issues that were elements of the REP established in 2009. Those activities include Reject Pole Replacement, Porcelain Replacement, and National Electrical Safety Code capital repairs.

The Company said that it also continues vegetation management, which includes over 100 miles of enhanced tree trimming, hazard tree removal, and 23 miles of full width right-of-way clearing to be completed by June 30, 2016.

Eversource implemented a "Troubleshooter" program in New Hampshire. The Troubleshooter Organization consists of 18 Troubleshooter positions and two supervisors. The Troubleshooter positions work in three, six-person teams, working twelve-hour shifts, and providing coverage 24 hours a day, 365 days a year. Troubleshooters primarily cover the area work centers in Bedford, Derry, Hooksett, Milford, and Nashua. According to Eversource, the implementation of this program has allowed Eversource to eliminate the loss-of-service investigation charges to customers and has improved customer satisfaction. The Company claimed that its reliability performance has improved due to its REP activities, and the Troubleshooter program.

Eversource stated that it agrees to provide the following additional reports and information to the Commission:

- On or around September 30, 2016, a complete report, similar in form and content to the prior REP reports submitted in Docket No. DE 09-035, describing REP activities and expenditures;
- On or around August 1, 2016, and every three months thereafter, an updated report on the GIS Project;
- On or around August 31, 2016, a copy of the new Company procedure to ensure that the GIS will continue to be updated and validated on an on-going basis; and
- On or around June 30, 2016, a report on staffing levels, by month, showing the number of line crews, digger crews, troubleshooters, contractor line crews, and any other line maintenance personnel, for the area work centers since January 1, 2015.

B. OCA

The OCA expressed skepticism about the Troubleshooter program. The OCA said it is concerned that the program allows the Company to essentially impose a rate surcharge for safety and reliability activities that it should perform as basic service, not as a special program. The OCA said that next year, when the continuation of the program is being considered, the OCA will be asking at what point failing to skimp turns into gold-plating. Subject to that, the OCA commended the case to the Commission's best judgment.

C. Staff

Staff said that it thoroughly investigated the filing, and concluded that the rates are appropriately calculated. According to Staff, the additional reports that Eversource agreed to provide would assist in the review of the program next year.

III. COMMISSION ANALYSIS

We have reviewed the filing and the rate increase proposed by Eversource to reconcile revenues and expenses associated with the twelve months ending June 2016, and to fund activities for the next twelve months ending June 30, 2017. To reconcile past costs and revenues, and to support REP activity through June 2017, Eversource proposes an average revenue increase of 0.048 cents per kWh to its distribution rates. We find that Eversource has provided adequate support for the reconcilable increase, no part of which is dependent on the settlement in DE 11-250 or DE 14-238. In so doing, we find that the resulting rates are just and reasonable as required by RSA 378:5 and RSA 378:7.

We note that there is no proposal to reconcile actual costs with revenues for the twelve months ending June 2017. Regardless of the future of Eversource's REP program beyond June 2017, we require Eversource to provide an annual report of its REP activities for the period ending June 2017 as it did following the approval of the REP program activities in Order No. 25,123, and a reconciliation of the revenues and expenses incurred during that period.

In the event that Eversource seeks to continue its REP activities outside of a distribution rate case, we require the Company to work with Staff and the OCA to develop the program. We note that the REP activities approved in Order No. 25,123 were targeted activities intended to address known reliability issues in Eversource's system. The current REP, which began June 1, 2015, includes many of the same activities, but also includes the Troubleshooter program. We understand OCA's misgivings about the Troubleshooter program. This program will continue to be evaluated before its approval as part of any future REP.

This is one of four dockets in which we are issuing orders today that adjust Eversource rates effective on a service rendered basis on and after July 1, 2016. The four dockets are (1) the instant docket, to adjust the Company's reliability enhancement program expenses and revenues;

(2) DE 15-416, Eversource's average stranded cost recovery charge; (3) DE 16-566, to adjust the average transmission cost adjustment mechanism rate, and (4) DE 15, 415, the Company's energy service rate. Overall, the average total bill impact of the four rate changes for residential customers using 625 kWh per month who have not taken service from a competitive supplier is an 8.4 percent increase in monthly bills, from \$115.79 to \$125.55. Residential customers who take service from a competitive supplier will experience a 7 percent increase in the non-energy portion of the bills. None of the four orders being issued today will have any effect on the energy portion of the bill for someone receiving energy from a competitive supplier.

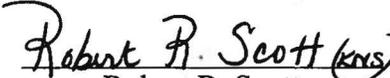
Based upon the foregoing, it is hereby

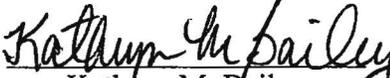
ORDERED, that the request for a rate increase of 0.048 cents per kWh in distribution rates to recover costs associated with the REP program for effect with services rendered on and after July 1, 2016, is hereby **APPROVED**; and it is

FURTHER ORDERED, that Eversource shall file tariff pages conforming to this order pursuant to Puc Part 1603 within 20 days of the date of this Order.

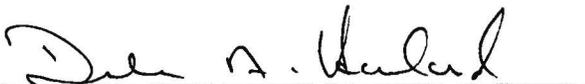
By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of June, 2016.


 Martin P. Honigberg
 Chairman


 Robert R. Scott
 Commissioner


 Kathryn M. Bailey
 Commissioner

Attested by:


 Debra A. Howland
 Executive Director