

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 23-075

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

Petition for Approval of Pole Plant Adjustment Mechanism Rates

Order Approving 2023 Pole Plant Adjustment Mechanism Rates

O R D E R N O. 26,892

September 29, 2023

In this order the Commission approves an overall average PPAM rate of 0.194 cents per kilowatt hour (kWh) for effect October 1, 2023. A residential customer using 600 kWh per month will see an initial PPAM line item on their bill of \$1.62 per month effective October 1, 2023.

I. PROCEDURAL HISTORY

On August 2, 2023 Public Service Company of New Hampshire, d/b/a Eversource Energy (Eversource) filed a petition requesting the Commission open a docket for approval of its initial Pole Plant Adjustment Mechanism (PPAM) rate. Eversource stated that its petition was consistent with Order No. 26,729 (November 18, 2022) which established the PPAM process. Accompanying its petition, Eversource pre-filed the supporting direct testimonies of Marisa B. Paruta, and Scott R. Anderson.

The New Hampshire Department of Energy (DOE) filed an appearance on August 25, 2023. On August 25, 2023 the Commission commenced an adjudicative proceeding and noticed a hearing to occur on September 14, 2023. On September 5, 2023, Eversource filed a revision to its petition that increased its original request of 0.190 cents per kWh to 0.194 cents per kWh. The Commission held a duly noticed hearing on September 14, 2023. The record was left open at the close of the hearing

for submission of the projected 2023 PPAM costs. On September 28, 2023 Eversource timely filed the projected costs.

The petition and subsequent docket filings are posted on the Commission's website: <https://www.puc.nh.gov/Regulatory/Docketbk/2023/23-075.html>.

POSITIONS OF THE PARTIES

A. Eversource Energy

In 2022, the Commission approved an agreement between Eversource and Consolidated Communications (Consolidated) whereby Consolidated sold its interest in jointly held utility poles and assets to Eversource. *See* Order No 26,729, (November 18, 2022) Docket DE 21-020. In addition to approving the asset transfer of the utility poles, Order No 26,729 authorized Eversource to recover certain expenses related to the pole inspection, pole replacement and vegetation management (VM). *See* Id at 17. The expenses are offset by any revenue generated by ownership of the poles.

Eversource and Consolidated finalized the transfer of utility poles on May 1, 2023. *See* Notice of Closing in Docket No. DE 21-020. The PPAM allows Eversource to recover the incremental VM expenses that were previously billed to Consolidated after December 31, 2020. *See* Order No. 26,729 at 7. Eversource calculated the revenue requirement to be recovered through the PPAM, consisting of recoverable costs and return on under-recovery, as \$14,983,329. *See* Hearing Exhibit 2 at 9.

Eversource proposed implementing a total average PPAM rate of 0.194 cents per kWh effective October 1, 2023. *See* revised attachments of Ms. Paruta and Mr. Anderson filed on September 5, 2023. The average residential ratepayer using 600 kWh per month would see an increase in their monthly bill of approximately \$1.62, or 1.1 percent. *See* Hearing Exhibit 2 at 13.

At the request of the Commission, Eversource provided estimates of the costs incurred in 2023 that the Company would seek recovery of through the October 2024 PPAM filing. The following table summarizes these costs.

Public Service Company of New Hampshire d/b/a Eversource Energy			
Pole Purchase Adjustment Mechanism (PPAM) Revenue Requirement			
\$ in Millions			
Line #	Description	NHPUC No. 10 Tariff Reference	Estimated 2023
1	Pole Replacement O&M Transfer Costs	32A. (a)	\$ 0.4
2	Inspection Program/Pole Survey Costs	32A. (b)	0.8
3	3rd Party Pole Attachment Incremental Revenue Offset	32A. (c)	(5.2)
4	Vegetation Management Expense	32A. (d)	10.1
5	Total PPAM Recoverable Costs		\$ 6.1

See Hearing Exhibit 7.

B. Department of Energy

The DOE supported the proposed PPAM rates and recommended approval. The technical statement submitted in support of the requested PPAM indicates that the DOE engaged in extensive discovery and confirmed that Eversource's filing addressed only the limited eligible costs approved for inclusion in the PPAM. See Exhibit 6 at 1.

II. COMMISSION ANALYSIS

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)

The Commission approved Eversource's PPAM for the reconciliation and recovery of higher costs associated with the operation and maintenance of the poles; pole inspection and replacement; and vegetation management related to the transfer of utility pole assets from Consolidated to Eversource. *See* Order No. 26,729.

The current filing is the first use of the PPAM by Eversource. Eversource is seeking to recover only expenses related to VM. Marisa Paruta and Scott Anderson testified in support of the proposal. DOE engaged in discovery and reviewed the expenses that Eversource had proposed for discovery.

In the technical statement filed on September 7, 2023, DOE indicated that Eversource's filing met the requirements identified by Order No. 26,729. In reaching this conclusion, the DOE reviewed the filing to ensure that the VM expenses had not been accounted for in other authorized rate mechanisms. *See* Exhibit 6 at 2. To ensure that the VM expenses had not been double counted, the DOE engaged in technical sessions with Eversource to review actual total VM expenses for 2021 and 2022. The proposed PPAM VM expenses were reviewed against planned and actual VM expenses previously approved in Docket Nos. DE 22-010 and DE 23-021. Docket DE 22-010 approved Eversource's Regulatory Reconciliation Adjustment (RRA) Rate that accounted for VM expenses for calendar year 2021. *See* Order No. 26,653 (July 26, 2022). Docket DE 23-021 approved Eversource's RRA rate that accounted for 2022 VM expenses. *See* Order No. 26,863 (July 28, 2023).

According to the DOE, based on its analysis of the actual VM costs for 2021 and 2022, the total amount of the reimbursable VM costs for 2021 was \$8,291,887 and for 2022 was \$8,116,914. *See* Exhibit 6 at 4-5. The reimbursable expenses

include expenses that were billed to joint pole owners for 2021 and 2022. The joint pole owners included Consolidated and other companies. Having reviewed these expenses, the DOE was satisfied that the VM amounts proposed in this PPAM filing accurately reflect the amounts that would have been collected from Consolidated and are appropriate to be placed in the PPAM effective October 1, 2023 pursuant to Order No. 26,729, *See id.*

The Commission appreciates the DOE's thorough review of Eversource's total VM expenses for 2021 and 2022 to ensure that no VM expenses included in the PPAM had already been placed in rates through the RRA. The Commission finds the DOE technical statement persuasive and concludes that the VM expenses related to the newly acquired poles have been properly accounted for.

The Commission appreciates the timely response to the record request providing an estimate of 2023 costs and revenues. The 2023 costs include pole replacement O&M transfer costs, inspection costs, and vegetation management costs. The Commission understands that when setting 2024 rates, the 2023 costs will be offset by revenues received. This forward looking information offers clarity on the cost and associated revenues for the poles that have now been transferred from Consolidated.

Based on the record before us, we find Eversource used the appropriate method, consistent with the terms of the settlement agreement approved by Order No. 26,729, to calculate the PPAM rates for effect on October 1, 2023.


We find that the testimony by Eversource witnesses as well as the supporting workpapers demonstrate the appropriate inputs for the rate calculations. Further in reliance on the DOE recommendation we find that the resulting PPAM rates are just and reasonable and we approve the following rates for effect October 1, 2023.

Based upon the foregoing, it is hereby

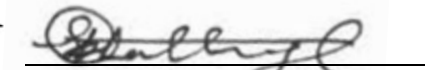
ORDERED, Eversource's request for an initial average PPAM rate of 0.194 cents per kilowatt hour is **APPROVED**, effective October 1, 2023, and it is

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

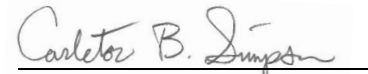
By order of the Public Utilities Commission of New Hampshire this twenty ninth day of September, 2023.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 23-075

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