

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

**Public Service Company of New Hampshire
d/b/a Eversource Energy
Line Extension Policy**

Docket No. DE 15-089

**Technical Statement of
Janet R. Kelliher**

March 1, 2017

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 2014 through 2016. The Settlement Agreement in Docket No. 08-135, which was closed and replaced with Docket No. DE 15-089 on March 18, 2015, requires Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource”) 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. Eversource 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 were then to 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, Eversource recorded the actual cost of each line extension that was initiated and completed during the period January 1, 2014 through December 31, 2016. Eversource 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. Eversource 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 2014 and 2015 were adjusted to the 2016 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 JRK-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 \$2.14, from \$21.54 to \$23.68, on April 1, 2017. The cost per foot for single-phase underground line extensions will decrease \$0.72, from \$15.37 to \$14.65. Charges for three-phase overhead and underground line extensions will continue to be based on customer-specific job requirements.

It is important to note that the current cost per foot rates have been in effect since 2014 and are based on costs of work performed during the years 2011 through 2013. Due to the on-going investigation into line extension policies in Docket No. IR 14-190, the updated costs filed by Eversource in 2015 were suspended, and the Commission granted a waiver of the requirement to file in 2016.

The table below displays the costs per foot calculated for each of the last four years.

	Current Rates	Rates Suspended	Filing Waived	Proposed Rates
Rate effective date:	<u>April 2014</u>	<u>April 2015</u>	<u>April 2016</u>	<u>April 2017</u>
Overhead - Single Phase	\$21.54	\$22.38	\$22.73	\$23.68
Underground - Single Phase	\$15.37	\$14.81	\$14.72	\$14.65
Years included in analysis:	2011 - 2013	2012 - 2014	2013 - 2015	2014 - 2016

E. Revised Tariff Pages

Eversource 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, Eversource requests that the Commission allow the tariff pages to become effective on April 1, 2017 absent an order, pursuant to Puc 1603.07.