

February 6, 2019

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

NHPUC 6FEB'19PM4:21

RE: Docket No. DE 18-058
Public Service Company of New Hampshire d/b/a Eversource Energy
Petition for Recovery of Storm Expenses

Dear Director Howland:

This submission provides the response of Public Service Company of New Hampshire d/b/a Eversource Energy ("Eversource" or the "Company") to the Staff's recommendation submitted on February 4, 2019 in the above-referenced docket. Broadly, Eversource does not take exception with the Staff's recommendation, but makes this submission to note three specific concerns relating to items in the recommendation.

First, the Staff recommendation, at page 4, states the following:

Audit Issue #9 identified charges from The Ergonomics Group and Twenty First Century Communications which should be disallowed for recovery through the storm fund, and should be booked to Media Communications, or a similar expense account, as they are not directly related to the actual restoration of power. Staff supports this recommendation.

For clarity, the language included in the underlying January 9, 2019 Final Audit Report, at page 65, sets out the Audit Staff's conclusion on these items as follows:

Audit acknowledges the Company's response for the Ergonomics Group and the Twenty First Century expenditures. While the costs appear to be reasonably incurred, the expenses should be booked to Media Communications, or a similar expense account, as they are not directly related to the literal restoration of power.

Based upon the language in the Final Audit Report, as well as that in the Staff's recommendation, Eversource understands that the Staff believes such expenses are reasonable, but that recovery should be accomplished through the Company's base rates rather than through storm cost recovery. Eversource notes that it does not agree that these costs should be removed from the storm expenses and that these expenses in prior storms have been audited and found to be prudently incurred and allowed for recovery through the storm reserve. In light of the

conclusion that the expenses are understood to be reasonable ones for which the Company may seek recovery by other means, however, Eversource will accept the conclusion with respect to the charges from The Ergonomics Group and Twenty First Century in this proceeding. If Eversource has misinterpreted the language of the Final Audit Report or the Staff's recommendation, then Eversource would reserve its right to raise additional concerns relative to this item. Moreover, Eversource makes clear that in future storm cost recovery review proceedings it may seek to present evidence supporting similar types of costs, or other storm-related costs that are not "directly related to the literal restoration of power," as being incremental storm-related activities not otherwise recovered in base rates.

Second, and with respect to the recommendation on the expenses for the Campton Elementary School, Eversource does not understand the basis for the Staff's recommended disallowance of those costs. The first draft Audit Report, issued on November 6, 2018, noted as part of Audit Issue #5 the costs related to the repair of the parking lot at the Campton Elementary School. Eversource provided an explanation of the costs and the reasons for them in its response on November 19, 2018. In the second draft Audit Report, received by Eversource on December 18, 2018, the Campton Elementary School costs were listed as having been reviewed by Audit Staff but the Audit Issue #5 designation for this expense was removed from the report and the corresponding dollars were removed from Audit Summary Audit Issue #5 explanation, along with the Company's response. Eversource understood this change to be a conclusion by the Audit Staff that the costs had been adequately explained and that they were appropriate for recovery. When the Final Audit Report was issued on January 9, 2019, the exclusive reference to the matter was on page 8 where it states:

Campton Elementary School: Audit reviewed an invoice, dated July 25, 2014, totaling \$6,800 for excavation and pavement of a parking lot. Supporting detail included a fax describing the excavation and paving project as being the result of a driveway that PSNH "broke up."

There is no notation of an Audit Issue relating to this expense in the Final Audit Report.

In light of the Audit Staff's review of these costs and apparent conclusion that they should be permitted for recovery, Eversource questions the statement in the Staff's recommendation that "Also after the audit report was issued, Audit identified an additional charge listed under 'Other' from the December 20, 2013 pre-staging event which it believes not to be applicable for recovery from the storm fund." Staff Recommendation at 4. As noted above, the charge in question was selected by Audit Staff for review and included in the initial draft of the Audit Report as part of Audit Issue #5. Following the justification provided by the Company it was removed from Audit Issue #5, along with the Company's justification of the charge, and was not reintroduced in the subsequent draft and Final Audit Reports. The Staff's recommendation does not appear to align with the information in the Final Audit Report and it does not appear that Audit Staff, in fact, identified an expense which was not applicable for recovery. Rather, based upon the Final Audit Report, the Audit Staff appears to have reached the opposite conclusion. Accordingly, Eversource disputes the statement in the Staff's recommendation that "Staff agrees with Audit and recommends that this amount be disallowed

for recovery through the storm fund.” Staff Recommendation at 4. Eversource requests that recovery of this cost be permitted.

Lastly, in the Staff’s recommendation, it proposes dates for future storm cost submissions. Specifically, the Staff recommends that Eversource submit information and supporting testimony relating to storm expenses between May 2016 through December 2017 by March 15, 2019, and that, in the future, it submit information annually by April 1 for storm activity occurring in the prior calendar year. With respect to the request for information by March 15, Eversource is prepared to meet that deadline and will provide the information relating to May 2016 through December 2017 by that time. With respect to the April 1 deadline for future submissions, Eversource requests that if the Commission intends to set a deadline, it modify the deadline proposed by the Staff.

For storm activity in 2018, under the Staff’s recommendation a filing would be due by April 1, 2019. In light of the work associated with the preparations for Eversource’s upcoming rate filing, as well as the need to review multiple major storms from the end of 2018, and the recommendation to file information and support for 2016-2017 storms by March 15, 2019, Eversource requests that the Commission use a deadline of June 1, 2019 rather than April 1 for storm activity in 2018. For future years, Eversource requests that if a deadline is to be set, that the Commission set it at May 1, rather than April 1. The basis for this request is that at times significant storm activity can occur near the end of a year. Collecting the data for a filing at the Commission involves reviewing the expenses incurred in the storm and reconciling those with estimates of storm costs, as well as with unvouchered liabilities for expenses incurred during restoration. Though any filing would still contain estimates, setting a deadline of May 1 would allow more time for Eversource to prepare the data for review by the Commission and help to assure a more efficient and effective review process.

Thank you for your assistance with this matter. Please do not hesitate to contact me with any questions.

Very truly yours,



Matthew J. Fossum
Senior Counsel

CC: Service List