

KEEGAN WERLIN LLP

ATTORNEYS AT LAW

99 HIGH STREET, Suite 2900

BOSTON, MASSACHUSETTS 02110

(617) 951-1400

TELECOPIER:

(617) 951- 1354

May 31, 2023

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301

**Re: Docket No. DE 19-057
Public Service Company of New Hampshire d/b/a Eversource Energy
Notice of Intent to File Rate Schedules
Order No. 26,804-Compliance**

Dear Chairman Goldner:

On March 17, 2023, Public Service Company of New Hampshire d/b/a Eversource Energy (the “Company”) filed a Motion to Resolve Dispute Regarding Settlement Agreement Implementation in the above-referenced docket (the “Motion”). The Motion seeks to resolve a dispute that has arisen between the Company and the Department of Energy (“DOE”) with respect to the Business Process Audit (“BPA”) that was agreed to as part of the Settlement Agreement approved by the New Hampshire Public Utilities Commission (the “Commission”) in Docket No. DE 19-057. In the Motion, the Company requested that the Commission establish a schedule and process that would lead to the production of a valid and final BPA Report from the independent auditor. The DOE objected to the Company’s Motion on April 3, 2023.

On April 20, 2023, while the Company’s Motion remained pending before the Commission, the DOE submitted a confidential version of the BPA Report dated November 2022. The DOE designated this November 2022 version of the BPA Report as “final,” although contested by the Company. The Commission issued Order No. 26,804 on April 24, 2023, denying the Company’s Motion based on its determination that Docket DE 19-057 is closed and that it was not clear that the Commission had a legal basis to grant the Motion. Order at 3. Nevertheless, the Commission stated that it will supervise the final stages of receiving the BPA Report. Order at 3-4. This supervision is consistent with the terms of the Settlement Agreement and the Company appreciates the Commission’s willingness to oversee completion of this process. See Settlement Agreement, Appendix 2 (stating that the audit consultant will be supervised by the Commission and Staff (now DOE)).

To facilitate its supervision of receiving the final BPA Report, the Commission directed Eversource to file: (1) the full BPA Report (in confidential and redacted forms); (1) a Motion for Protective Treatment; and (3) the Company's written response to the BPA Report. The Company has reviewed the BPA Report and determined that it does not contain any confidential information. Accordingly, no motion for protective treatment is necessary.

Therefore, enclosed for filing are: (1) a redlined version of the BPA Report with all appendices with comments inserted to make factual corrections and remove improper editorial content; (2) a version of the BPA Report with all appendixes with numbered comment references in the right hand column; and (3) the numbered comments corresponding to the comment references inserted to the BPA Report. With the Company's edits incorporated and comments addressed, the resulting work product should become the "final" version of the BPA Report.

The Company's suggested revisions and comments address three categories of issues:

- (1) Revisions to remove subjective, editorial language improperly incorporated to the BPA Report;
- (2) Revisions to correct factual inaccuracies in the BPA Report; and
- (3) Comments on misconceptions or additional information pertaining to content set forth in the BPA Report.

Each of these categories of revisions and/or comments is explained below and addressed in detail in the Company's enclosed comments.

Removal of Editorial Language from BPA Report

The removal of "editorial language" from the BPA Report is critical. The November 2022 BPA Report is the only version of the BPA Report that the Company has received.¹ Therefore, Eversource does not have certainty regarding authorship of the BPA Report. The Company (and its affiliates) have participated in numerous third-party audit processes and none of these processes have resulted in reports that bear any resemblance to the prejudicial, biased portions of the BPA Report that Eversource requests be removed.² The editorialized passages should be stricken because the passages are subjective and/or represent content that the auditor was not even involved in because the events took place in prior proceedings outside the scope of the audit.

¹ It is not disputed that DOE received an earlier, August 2022 version of the BPA report from River Consulting Group. Documentation of the August 2022 BPA Report and/or any revisions to the August 2022 BPA Report have not been made available to the Company.

² The Company's Motion provided a typical third-party, independent audit prepared by River Consulting as Attachment C for comparison purposes. For example, the Executive Summary in the November 2022 BPA Report filed by DOE contains unusual editorial content that is not found in the report included as Attachment C of the Motion. The report provided as Attachment C is presented in a factual, objective context.

The Company understands that removal of this editorial language may be controversial. However, without access to the August 2022 version of the BPA Report directly from River Consulting Group (“RCG”), the Company’s fundamental concern is that the final BPA Report is not a fully independent work product. The consequences of an editorialized report will not be short term. Once made public as the “final” BPA Report, the BPA Report will stand in perpetuity as a statement on the Company’s management of its capital projects and associated documentation that will be taken at face value in any regulatory proceeding in which it is invoked -- whether in New Hampshire or another jurisdiction -- creating a prejudicial, improper burden for the Company to overcome.

It is therefore imperative that the report be prepared exclusively by the independent auditor, whatever the results may be and that any corrective edits made to the original report submitted by the auditor be memorialized through redlining.

Factual Inaccuracies:

The Company has carefully reviewed the BPA Report and found limited instances where the Report is not entirely accurate and/or representative of the Company’s processes. For example, the BPA Report stated that participation in the Company’s Enterprise Risk Management (“ERM”) is limited to projects greater than \$5 million. However, the Company’s capital authorization policy (APS-01) requires the project manager to work with ERM to perform a risk assessment on any projects over \$25 million. The Company’s revisions correct the threshold amount.

The Company’s comments explain where factual inaccuracies should be corrected prior to finalization of the BPA Report. Correction of these factual inaccuracies is consistent with the Settlement Agreement terms which include a provision that allowed for the Company’s review of the BPA Report. Settlement Agreement, Appendix 2 at 1 (Process Item 4). Further, without these corrections, the BPA Report is inaccurate and could not be relied on in future proceedings.

Implementation of Recommendations:

In addition to reviewing the BPA Report for factual inaccuracies, the Company reviewed the report content for other inaccuracies and comment on the recommendations. The Company’s responsive information should be incorporated as an Appendix to the final BPA Report creating a transparent record.

Conclusion:

Following from the Commission’s ruling on the Company’s Motion, the Company has considered what is the most efficient manner for finalizing the BPA Report. For example, the Office of Consumer Advocate’s (“OCA”) Opposition to the Motion pointed to options: (1) filing of a petition by the Company requesting to convene a new proceeding; or (2) impeachment of the

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BPA Report in a future proceeding. OCA March 22, 2023, Opposition at 3. Opening a new proceeding would not be administratively efficient, particularly since the Company is willing to work with the recommendations set forth in the BPA Report to the extent feasible (as discussed in the numbered Comments). However, the Company reserves its right to impeach the BPA Report in future proceedings if the final version of the BPA Report accepted by the Commission fails to address the Company's concerns regarding the independence of the BPA Report.

By agreeing to the conduct of an independent, third-party audit, the Company expected the process to generate a valid, meaningful work product that would facilitate the Commission's evaluation of the Company's capital projects in future rate proceedings – not to create *additional points of litigation in those proceedings (or new proceedings)*. Therefore in lieu of requesting to litigate this issue through a new proceeding, the Company appreciates the Commission's determination that it will supervise receipt of the final BPA Report and respectfully requests that its comments and proposed revisions be incorporated into the final version of the BPA Report accepted by the Commission. The Company finds that the Commission's supervision of its receipt of the final BPA Report can accomplish the objective of creating a transparent record.

The Company respectfully requests that the Commission remove the editorialized content, incorporate the factual corrections and address the comments provided for the Commission's consideration as the "final" BPA Report. Without transparency and accuracy, the Company cannot accept the document filed by DOE as having any validity and the Company will be left to contest the document in any regulatory proceeding in which it is raised. This is not the outcome sought by the Company in agreeing to the business process audit nor will this represent an efficient use of time for any party.

Please contact me if you have any questions. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Jessica Buno Ralston". The signature is written in a cursive, flowing style.

Jessica Buno Ralston

Enclosures

cc: Service List, Docket DE 19-057