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STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
D/B/A EVERSOURCE ENERGY

AND

CONSOLIDATED COMMUNICATIONS OF NORTHERN NEW ENGLAND
COMPANY, LLC D/B/A CONSOLIDATED COMMUNICATIONS

DOCKET NO. DE 21-XXX

JOINT PETITION TO APPROVE POLE ASSET TRANSFER

Pursuant to Puc 202.01(a) and Puc 203.06, Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or the “Company”) and Consolidated Communications of Northern New England Company, LLC d/b/a Consolidated Communications (“Consolidated”) (together the “Parties”) hereby jointly petition the New Hampshire Public Utilities Commission (the “Commission”) for approval of the transfer of certain utility pole assets from Consolidated to Eversource pursuant to a Settlement and Pole Asset Purchase Agreement between the Parties (the “Agreement”). As described in more detail herein, the Parties request that the Commission determine that the transfer of assets is in the public interest because the transfer of Consolidated’s utility poles to the sole ownership of Eversource will result in significant electric grid reliability and operational benefits, with minimal impacts on customer bills, and is otherwise consistent with New Hampshire law. The Parties hereby seek all approvals and authorizations from the Commission as may be needed to complete the transactions described herein, including Eversource’s proposed cost recovery proposal related to the transaction. In support of this Petition, the Parties state as follows:

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1. Presently, Eversource and Consolidated jointly own approximately 343,098 utility poles in Eversource’s service territory, each with a 50 percent ownership of those poles; and Consolidated solely owns approximately 3,844 utility poles in Eversource’s service territory to which Eversource has attached its electric facilities.

2. Effective as of December 30, 2020, Eversource and Consolidated entered into the Agreement, through which Eversource is purchasing: (a) Consolidated’s 50 percent joint ownership interest in and to the approximately 343,098 utility poles jointly owned with Eversource; and (b) Consolidated’s 100 percent ownership interest in and to the approximately 3,844 utility poles that Consolidated solely owns in Eversource’s service territory to which Eversource attached its electric facilities (together, the “Transferred Poles”).¹

3. The net purchase price of the Transferred Poles is **BEGIN CONFIDENTIAL** [REDACTED] **END CONFIDENTIAL**. The net purchase price is comprised of a gross purchase price of **BEGIN CONFIDENTIAL** [REDACTED] **END CONFIDENTIAL** for the Transferred Poles, reduced by **BEGIN CONFIDENTIAL** [REDACTED] **END CONFIDENTIAL**.

4. The Agreement also includes a full and complete settlement of any and all disputes between the Parties, including certain vegetation management costs paid by Eversource since 2018. In particular, the Parties have agreed to deduct **BEGIN CONFIDENTIAL** [REDACTED] **END CONFIDENTIAL** from the net purchase price for the Transferred Poles to resolve any

¹ Consolidated also solely owns utility poles in Eversource’s service territory that do not contain any Eversource attachments. The Parties do not propose transferring any ownership interest in any utility poles in Eversource’s service territory that do not contain Eversource’s electric facilities. The Parties also do not propose to transfer any ownership interest in Consolidated’s “Dual Poles,” as that term is defined in the Agreement. Consolidated’s Dual Poles are under review by the Commission in a separate docket, and are not part of this proceeding.

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disputes between them, including regarding the vegetation management costs. As a result of the settlement, Eversource's net payment due to Consolidated for the purchase of the Transferred Poles is **BEGIN CONFIDENTIAL** [REDACTED] **END CONFIDENTIAL**.

5. Pursuant to the Agreement and an Assignment of Pole Attachment Agreements, Licenses, and Property Rights, Consolidated is also assigning to Eversource the following rights as a licensor and its rights, title, and interest in and to the following licenses and property rights with respect to the Transferred Poles: (1) the rights to license attachments, including, but not limited to, the right to collect attachment fees from licensed attachers; (2) certain licenses relating to the Transferred Poles obtained pursuant to RSA 231:170 to erect poles within public highways; and (3) certain easements and/or licenses to construct, operate, and maintain its jointly-owned poles with Eversource on private properties.

6. The Transferred Poles include the associated pole attachment revenues available from both Consolidated and third-party attachers. For Consolidated's pole attachments, Consolidated will pay Eversource \$5.0 million per year in pole attachment fees for the first two years following the closing date of the Agreement. Thereafter, the revenues for Consolidated's pole attachments will be subject to Eversource's pole attachment rates in effect for solely owned poles. Upon acquisition of the Transferred Poles, the pole attachment agreements in place between Consolidated and current attachers will transfer to Eversource. As a result, upon closing, Eversource will receive third-party attachment revenues directly from all other third-party attachers under the terms of the contracts that are currently in place with Consolidated. In compliance with N.H Code Admin. Rules Puc 1301.01 and RSA 374:34-a, the foregoing pole attachment fees are nondiscriminatory, just, and reasonable.

7. Eversource anticipates a total annual revenue requirement of an estimated \$9.4 million in 2021; \$8.2 million in 2022; and \$11.3 million in 2023 associated with the purchase of the Transferred Poles. The total estimated revenue requirement is comprised of: (1) an annual net revenue requirement of an estimated \$1.5 million in 2021, negative \$0.1 million in 2022, and \$2.7 million in 2023 for the purchase, inspection, and replacement of the Transferred Poles; (2) an annual revenue requirement estimated at \$0.9 million in 2021, \$1.1 million in 2022, and \$1.2 million in 2023 for property tax expense related to the Transferred Poles; and (3) an annual revenue requirement of an estimated \$7.0 million in 2021, \$7.2 million in 2022, and \$7.4 million in 2023 for the costs of vegetation management work relating to the Transferred Poles.

8. Eversource's revenue requirement established in its recently completed base distribution rate case does not contemplate the incremental costs associated with assuming ownership of the Transferred Poles. Moreover, the incremental revenues that will accrue to Eversource after the transaction are not expected to be sufficient to cover the incremental costs. Therefore, as part of the request for approval of the transaction, Eversource is also requesting approval of a funding mechanism to annually reconcile the net incremental costs associated with Eversource's purchase of the Transferred Poles, so that necessary maintenance and repair activities can commence to the benefit of customers immediately following the close of the transaction.

9. More specifically, as part of Eversource's most recent distribution rate case, a new Regulatory Reconciliation Adjustment ("RRA") mechanism was established. The Company is proposing to include the incremental property tax expense in the property tax component of the RRA and the incremental vegetation management expense in the vegetation management component of the RRA. Additionally, the Company is proposing to add a new component to the RRA to recover and reconcile the net revenue requirement of the Transferred Poles. In compliance

with Puc 203.06 and Puc 1603.05, Eversource is producing a copy of its proposed tariff changes that describe the adjustment to the RRA.

10. Eversource is requesting that the Commission provide for reasonable cost recovery for the immediate future to enable the transaction and allow for the Company to accomplish safety and reliability objectives in relation to the pole inventory. The Agreement is conditioned on satisfactory regulatory approval, including from the Commission. In particular, the Agreement's closing requires, among other things, a final Order of the Commission granting all necessary, final, and non-appealable asset transfer and cost recovery approvals acceptable to Eversource, related to the sale of the Transferred Poles. Without approval of the Company's cost recovery proposal, the incremental revenue requirement incurred by Eversource in relation to the Transferred Poles will exceed available attachment revenues, impeding the Company's ability to take the steps necessary to maintain the poles.

11. To support the Commission's approval of the transaction and related cost recovery proposal, the Parties are submitting the following testimony and related attachments:

- Direct Testimony of Lee G. Lajoie, Manager of System Reliability in New Hampshire for Eversource Energy Service Company. Mr. Lajoie's testimony provides a summary of the Agreement, including the details surrounding Eversource's purchase of the Transferred Poles and the reliability and operational benefits resulting from the transaction. A copy of the Agreement is attached to Mr. Lajoie's testimony as Attachment LGL-1 CONFIDENTIAL.
- Direct Testimony of Douglas P. Horton, Vice President of Distribution Rates and Regulatory Requirements for Eversource Energy Service Company, and Erica L. Menard, Manager of New Hampshire Revenue Requirements for Eversource Energy Service Company. Mr. Horton and Ms. Menard's joint testimony summarizes the financial impacts of the transaction, including the calculation of the estimated revenue requirement associated with Eversource's purchase of the utility poles, Eversource's cost recovery proposal with respect to the transaction, and the estimated customer bill impacts resulting from the transaction. A copy of the calculations for the revenue requirement supporting Eversource's purchase of the Transferred Poles is attached to Mr. Horton and Ms. Menard's testimony as Attachment DPH/ELM-1 CONFIDENTIAL. A copy of the proposed tariff changes

that describe the adjustment to the RRA is attached to Mr. Horton and Ms. Menard's testimony as Attachment DPH/ELM-2.

12. The Agreement satisfies the standards set forth in RSA 374:30, which provides as follows:

- I. Any public utility may transfer or lease its franchise, works or system, or any part of such franchise, works, or system, exercised or located in this state, or contract for the operation of its works and system located in this state, when the commission shall find that it will be for the public good and shall make an order assenting thereto, but not otherwise, except that commission approval shall not be required for any such transfer, lease, or contract by an excepted local exchange carrier. The commission may, by general order, authorize a public utility to transfer to another public utility a part interest in poles and their appurtenances for the purpose of joint use by such public utilities.

13. The Commission should approve Eversource's purchase and the proposed regulatory framework accompanying the purchase of the Transferred Poles from Consolidated because the transfer is in the public good. The question of public good is not answered by looking only to the immediate interests of the public served by the companies involved in a transfer of property, but rather a question of what is reasonable taking all interests into consideration. See Grafton County Electric Light & Power Co. v. State, 77 N.H. 539, 94 A. 193, 195 (1915). The public good standard "is analogous to the 'public interest' standard . . . applied and interpreted by the Commission and by the New Hampshire Supreme Court." Consumers New Hampshire Water Company, 82 N.H. P.U.C. 814, *4 (1997) (applying RSA 374:30 standard to transfer from a prospective municipal water company to a prospective subsidiary of another water company) (citing Waste Control Systems, Inc. v. State, 114 N.H. 21 at 22, 23 (1974)). For acquisition cases, the Commission applies a "no net harm" test, rather than a "net benefits" test. Id. (citing In re Eastern Utility Associates, Inc., 76 N.H. P.U.C. 236, 252-253 (1991)). "The test requires a finding that a transaction is one not forbidden by law and is reasonably permitted under all the

circumstances of the case,” and, “based upon the totality of the circumstances, there is no net harm to the public as the result of the transaction.” Id. (quoting Pennichuck Water Works, Inc., 77 N.H. P.U.C 708, 713 (1992)). Under this standard, the Commission should approve the transaction unless it finds that the transactions will have an adverse impact on the public. See id.; see also Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities, DG 16-770, Order No. 25,965 (2016) (finding asset purchase transaction “will do no harm” to buyer or seller’s ratepayers, “and in fact will offer significant potential benefits to both”).

14. Moreover, in determining whether an asset transfer is in the public good, the Commission also assesses the managerial, technical, and financial expertise of the utility purchasing the assets. See, e.g., Abenaki Water Company, Inc., Docket No. DW 18-108, Order No 26,231, at 7-8 (Mar. 28, 2019); Hampstead Area Water Company, Inc., Docket No. DW 17-145, Order No. 26,153, at 4 (2018) (citing Lakes Region Water Company, Inc., Order No. 26,144 at 5; Lakes Region Water Company, Inc., Order No. 25,964 (November 10, 2016); and Liberty Utilities (Energy North Natural Gas) Corp. d/b/a Liberty Utilities, Order No. 25,987 (2017)). Thus, the Commission should also approve Eversource’s purchase of the Transferred Poles because Eversource is managerially, technically, and financially capable of maintaining the obligations relative to Transferred Poles.

15. The transfer of the Transferred Poles to the sole ownership of Eversource will result in significant reliability and operational benefits. Eversource follows a rigorous inspection and replacement process to ensure its poles are safe and reliable, and the Transferred Poles will be included in this process after the closing. Eversource undertakes the pole inspections to determine the condition of wood distribution poles with the objective of replacing poles that pose a risk to the integrity of the electric distribution system. The purpose of the program is to ensure a pole

meets its minimum strength requirements as defined by the National Electric Safety Code. Poles that do not meet the minimum strength requirements are rejected. Eversource's proactive identification and replacement of poles not meeting minimum strength requirements greatly reduces the probability that a pole will fail in service as the result of adverse weather conditions or the installation of additional equipment by Eversource or third parties. This enhances public safety and reliability, while decreasing the need to perform emergency replacements.

16. Additionally, Eversource is the first responder to emergency events where poles must be replaced, so the Company is uniquely positioned to replace poles in an expeditious manner. Currently, when poles in Consolidated's maintenance areas need to be replaced as a result of weather events, motor vehicle accidents, or any other reason, the Company must notify Consolidated in accordance with the applicable Intercompany Operating Procedure incorporated into the Parties' Joint Use/Ownership Agreement. Consolidated must then locate and dispatch a crew to replace the pole. The time necessary for the two parties to coordinate a response can lead to extended power outages or it may prolong an unsafe condition. The transfer of the Transferred Poles to the sole ownership of Eversource will allow Eversource, which has on-call line-workers and 24-hour response capabilities via troubleshooters in many areas, to more quickly replace the poles and, therefore, potentially shorten the duration of power outages in these cases and provide a safer and more reliable system.

17. Similarly, Eversource's sole ownership of the poles will make its reliability and resiliency work significantly more efficient because it will no longer need to coordinate with Consolidated prior to the commencement of such work, which can result in delays and additional costs. By becoming the sole pole owner, Eversource will have the ability to avoid these delays

and will be able to complete projects requiring pole replacement in a more timely manner, resulting in improvements in system reliability and resiliency for the benefit of Eversource's customers.

18. In addition to the foregoing reliability and operational benefits, new electric customers will also benefit from the transaction because Eversource's sole ownership of the Transferred Poles means that all new customer accounts will fall under Eversource's line extension policy, regardless of whether or not the customer wants to take service from Consolidated. Currently, customers in Consolidated's maintenance area who need a line extension to obtain electric service are required to pay Consolidated for the costs of setting new poles in situations where the customer does not request land line telephone service, in addition to Eversource's line extension costs. With Eversource's sole ownership of the Transferred Poles, new customers in Consolidated's maintenance area will no longer need to pay such costs.

19. Finally, Eversource's purchase of the Transferred Poles is anticipated to result in a minimal impact on customer bills. For the average residential customer using 600 kilowatt-hours per month, Eversource's purchase of the transferred Poles and the associated revenue requirement will result in an estimated monthly bill increase of \$1.02, or 0.88 percent, in the first full year under Eversource ownership of the Transferred Poles. By the third year under Eversource ownership, and all else being equal, the same customer is estimated to see a monthly bill increase of \$1.22 per month, or 1.04 percent, from the current rates, depending upon certain assumptions including the rate of replacement of the Transferred Poles, the level and cost of vegetation management activity, property tax expenses, and incremental pole attachment revenues, among other factors.

20. In sum, the Commission should approve the Agreement and attendant regulatory framework because they are reasonably permitted under the totality of the circumstances described

in the testimony attached to this joint petition, and are not in any way precluded by law or regulation. Other than the minimal estimated impact to customer bills, the Parties foresee no adverse impact to the public as a result of the transaction. In contrast, as explained in detail in the testimony, Eversource's ownership of the Transferred Poles is expected to result in significant reliability and operational benefits. Moreover, Eversource has the managerial, financial, and technical expertise to maintain the obligations relative to the Transferred Poles over the long term. Thus, balancing the minimal increase in rates against the significant reliability and operational benefits resulting from Eversource's sole ownership of the Transferred Poles, there is no net harm to the public as a result of the transaction. As such, it is in the public's interest for the Commission to approve the Agreement and related regulatory framework.

WHEREFORE, the Parties respectfully request that the Commission:

- a. Approve of the transfer of utility pole assets from Consolidated to Eversource, as described herein, as well as in the included testimony and supporting information, because such transfer of assets is in the public interest and will provide net benefits at a minimal cost to Eversource customers;
- b. Approve Eversource's proposed cost recovery proposal related to the transaction; and
- c. Order such further relief as may be just and equitable.

Dated: February 10, 2021

Respectfully submitted,

**PUBLIC SERVICE COMPANY OF NEW
HAMPSHIRE D/B/A EVERSOURCE ENERGY,**

By its Attorneys,

/s/ Matthew J. Fossum

Matthew J. Fossum
Senior Regulatory Counsel
Eversource Energy Service Company o/b/o
Public Service Company of New Hampshire
d/b/a Eversource Energy
780 N. Commercial Street
Manchester, NH 03101
(603) 634-2961
Matthew.Fossum@eversource.com

/s/ Robert J. Humm

Robert J. Humm
Jameson Calitri
Keegan Werlin LLP
99 High Street, Suite 2900
Boston, MA 02110
(617) 951-1400
rhum@keeganwerlin.com

**CONSOLIDATED COMMUNICATIONS OF
NORTHERN NEW ENGLAND COMPANY, LLC
D/B/A CONSOLIDATED COMMUNICATIONS,**

By its Attorneys,

/s/ Patrick C. McHugh

Patrick C. McHugh
Consolidated Communications
770 Elm Street
Manchester, NH 02101
(603) 591-5465
Patrick.mchugh@consolidated.com

/s/ Sarah Davis

Sarah Davis
Consolidated Communications
5 Davis Farm Rd.
Portland, ME 04103
(207) 535-4188
Sarah.davis@consolidated.com

CERTIFICATE OF SERVICE

I hereby certify that, on the date written below, I caused the attached to be served pursuant to N.H. Code Admin. Rule Puc 202.01 and 203.11.

February 10, 2021
Date

/s/ Robert J. Humm
Robert J. Humm