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July 15, 2022

Daniel C. Goldner, Chairman  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301-2429

RE: DE 21-089 Public Service Company of New Hampshire d/b/a Eversource Energy  
Calendar Year 2020 Major Storm Cost Reserve Report, *DOE Report and Recommendation*

Dear Chairman Goldner:

On April 30, 2021, Public Service Company of New Hampshire, d/b/a Eversource Energy ("Eversource," or "the Company") filed its 2020 Major Storm Cost Reserve Report ("2020 MSCR Report" or "Report") in the above referenced docket. In the report, Eversource seeks to recover costs related to what the Company describes as four major storm events and five pre-staging events from the Company's Major Storm Cost Reserve (MSCR) account. The report covers pre-staging and storm response events and costs which occurred between October 2019 and May 2020. There were additional storms in October through December 2020, but as costs for those storm events were not finalized at the time this report was prepared, Eversource will present them in a future report. Eversource states the total direct cost of the nine identified events in 2020 is \$16,446,849. In addition, carrying costs of \$1,134,497 create a total amount of \$17,581,346 proposed for recovery via the MSCR. There is no rate change triggered by this filing.

The Department of Energy (DOE)'s Enforcement's Audit Division issued its Final Audit Report (Audit Report) on Eversource's 2020 MSCR Report on March 14, 2022. See Attachment 1 to this recommendation. That report presents the DOE Audit Division's detailed audit review for accounting and proper charging of Eversource's storm related costs associated with four storm events and five pre-staging events for forecasted storms that did not materialize as major storms.

DOE's Regulatory Division has reviewed both Eversource's 2020 MSCR Report and the Audit Report and held additional discussions with the DOE Audit Division. As explained in more detail below, DOE supports Audit's recommendations, agreed to by the Company, in the three audit issues contained in the Audit Report. Accordingly, DOE recommends that a total of \$17,607, related to proposed storm recovery, be disallowed for cost recovery from the total costs reported by the Company which will be recovered through the Company's MSCR. DOE has determined that the five pre-staging events meet the criteria for recovery of pre-staging costs. Therefore, DOE recommends that the costs related to the five pre-staging events be recovered from the MSCR account with the relatively minor adjustments identified in the Audit Report.

## I. Background

The MSCR exists to provide recovery for qualifying major storms and qualifying pre-staging events. The 2020 MSCR Report presents a useful history of the MSCR from its regulatory start to the present including details of the MSCR’s funding level. *See* Testimony of Erica L. Mendard and Dean C. Desautels Bates 10-11. The MSCR was originally authorized to recover from customers a specified annual amount in distribution rates that is used to offset costs incurred related to major storm events. *See* Order Nos. 23,443 (April 19, 2000) and 23,549 (September 8, 2000). In 2013, the MSCR was expanded to allow collection of storm pre-staging and preparation costs for anticipated storm events which did not become major storm events. *See* Order No. 25,465 (Feb. 26 2013).

### A. Qualifying Major Storms

Qualifying major storms must meet certain defining criteria to be eligible for recovery through the MSCR. For Eversource, a major storm is defined as an event that results in either: a) 10% or more of Eversource’s retail customers being without power in conjunction with more than 200 reported troubles; or b) more than 300 reported troubles during the event. *See* Order No. 25,465 at 1 (Feb. 26 2013).

The 2020 MSCR Report contains details and expenses related to four qualifying major storm events. The storm events and their related expenses are summarized in the table below.

Table 1. 2020 MSCR Major Storm Events and Expenses

	Direct Costs	Carrying Costs 04/30/2021	Total Costs 04/30/2021
10/16/19 Major Storm	\$5,314,963	\$419,819	\$5,734,782
10/31/19 Major Storm	\$4,654,903	\$340,599	\$4,995,502
02/07/20 Major Storm	\$3,662,237	\$220,061	\$3,882,298
03/23/20 Major Storm	\$1,902,933	\$101,199	\$2,004,132
TOTAL	\$15,535,036	\$1,081,678	\$16,616,714

### B. Qualifying Pre-Staging Events

In 2013, the Commission approved modifications to Eversource’s MSCR to allow storm pre-staging and preparation expenses to be included for recovery in the MSCR. The criteria for cost recovery from the MSF for a storm pre-staging event were established in Order No. 25,465 (Feb. 16 2013). For weather events that have an Event Energy Index (EEI) of level 3 (on a 1-to-5 scale) with a “High” probability of occurrence, the Company is permitted to include pre-staging and preparation costs in the MSCR.

The 2020 MSCR Report contains details and expenses related to five storm pre-staging events. The events and their related expenses are summarized in the table below.

Table 2. 2020 MSCR Report Pre-Staging Events and Expenses

	Direct Costs	Carrying Costs 04/30/2021	Total Costs 04/30/2021
12//02/19 Pre-Staging	\$245,827	\$16,481	\$262,307
12/30/19 Pre-Staging	\$203,689	\$13,252	\$216,942
02/26/20 Pre-Staging	\$34,376	\$1,946	\$36,321
04/13/20 Pre-Staging	\$405,673	\$20,077	\$425,750
05/15/20 Pre-Staging	\$22,249	\$1,063	\$23,312
TOTAL	\$911,814	\$52,819	\$964,632

### C. DOE Final Audit Report

On March 14, 2022, the DOE Division of Enforcement Audit Staff provided its Final Audit Report presenting its detailed audit review for accounting and proper charging of Eversource’s storm related costs associated with the four storm event and the five pre-staging events for forecasted storms that did not materialize as major storms. Eversource’s total reported costs for the four storm events and the five pre-staging events were \$16,446,850, prior to inclusion of carrying costs.

The Final Audit Report included three issues documented by DOE Audit regarding storm related charges, each with certain recommended disallowance amounts. These were, as identified by the Audit Report:

1. Audit Issue #1 identified certain costs which did not have supporting documentation totaling \$8,493.
2. Audit Issue #2 identified several charges to the MSCR that were in the incorrect amount. These resulted in a recommended disallowance of \$1,130.
3. Audit Issue #3 identified several invoiced amounts for charges that were outside the appropriate date ranges for either major storm events or pre-staging events. These resulted in a recommended disallowance of \$7,984.

See Attachment 1, Final Audit Report at 53-57. The Company agreed to remove the amounts identified above, a cumulative total of \$17,607, related to the three Audit issues from its recovery of 2020 storm expenses from the MSCR.

The DOE Regulatory Division has reviewed and agrees with Audit Division ‘s three recommendations.

## II. **DOE Summary Recommendation**

The DOE has reviewed and investigated the Company’s 2020 MSCR Report received on April 30, 2021. The DOE respectfully recommendations to the Commission regarding major storms and pre-staging costs related to storm events identified by Eversource in its 2020 MSCR Report and which Eversource seeks to recover from the MSCR account that the Company reduce the amount to be recovered from the MSCR by \$17,607, as reflected in the Table below.

Table 3. Summary of DOE’s Recommended Major Storm, Pre-staging, and Carrying Costs.

	Direct Costs	Carrying Costs 04/30/2021	Total Costs 04/30/2021
Four Major Storm Events	\$15,535,036	\$1,081,678	\$16,616,714
Five Pre-Staging Events	\$911,814	\$52,819	\$964,632
TOTAL	\$16,446,850	\$1,134,497	\$17,581,347
Audit Adjustments			(\$17,607)
Adjusted 2020 MSCR Recommended Recovery Amount			\$17,563,740

Respectfully Submitted,

*Mary E. Schwarzer*

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Cc:

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