

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DE 23-019

Public Service Company of New Hampshire d/b/a Eversource Energy Line Extension Rate Filing

Technical Statement of Scott T. Balise
New Hampshire Department of Energy, Division of Regulatory Support

March 24, 2023

Description of Proposal

On February 28, 2023, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed updates to its line extension policy and tariff pages to become effective on April 1, 2023. On March 24, 2023, Eversource filed a further revision to its line extension tariff. The New Hampshire Department of Energy (DOE) has reviewed Eversource's methodology and revised calculations dated March 24, 2023, for the resulting costs per foot for overhead and underground single-phase facilities to be charged to customers during the period April 1, 2023 through March 31, 2024. The DOE has concluded that the revised calculations are consistent with the settlement approved in Docket No. DE 08-135 and Order No. 25,926 in IR 14-190, and recommends the Commission find that the resulting charge adjustments for an effective date of April 1, 2023, are just and reasonable.

In the Settlement Agreement approved by the Commission in Order No. 25,046 (November 20, 2009) in Docket No. DE 08-135, the parties agreed to a line extension policy that would better align costs and revenues related to the provision of service to new customer locations. The settling parties agreed to update the methodology to calculate the average cost per foot charges by construction type after the original three-year phase-in of updated costs was complete. Pursuant to Order No. 25,926 in IR 14-190, Eversource included additional methodology updates in its calculation last year for the rates effective April 1, 2022, following its distribution rate case in Docket No. 19-057. Eversource is required to update the average cost per foot figures annually based on single-phase line extensions completed during the previous three calendar years. Updated cost per-foot amounts are then to become effective on April 1 of each year.

On February 28, 2023, Eversource filed updates to its line extension policy and the applicable tariff page, to become effective on April 1, 2023. In its filing dated March 24, 2023, Eversource submitted further revisions to those updates. Following the methodology described in the approved settlement in DE 08-135 and the Order in IR 14-190, Eversource calculated the average actual cost per foot for single-phase line extensions for 384 underground and 144 overhead line extensions based on line extensions completed during the three- year period from

January 1, 2020 through December 31, 2022, of which 79 underground and 54 overhead were included for 2022.¹

Pursuant to the Settlement in DE 08-135 and the Order in IR 14-190, in determining the average cost per foot figures annually, Eversource included all actual costs associated with single-phase line extension construction, except for the cost of transformers. From this total population of line extensions, the following types of line extensions were eliminated from the database: (1) temporary services; (2) distributed generation services; (3) services not associated with new construction (upgrades); (4) customer built line extensions; (5) three-phase construction; (6) combination of overhead and underground construction; (7) more than one service on the project; (8) footage greater than one mile; (9) non-standard billing codes; (10) private work; and (11) any line extensions where the actual charges were greater than three times the estimate.

Finally, Eversource adjusted the total costs and average cost per foot figures for 2020 and 2021 to 2022 levels (to account for inflation), based on the annual average Consumer Price Index for all urban customers, northeast region, and all items, not seasonally adjusted, as published by the Bureau of Labor Statistics of the U.S. Department of Labor.

As a result of the updated calculations, on April 1, 2023, the cost per foot for overhead line single-phase extensions will increase by \$0.24, from \$30.45 to \$30.69. The cost per foot for single-phase underground line extensions will increase by \$2.22, from \$18.10 to \$20.32. Charges for three-phase overhead and three-phase underground line extensions will continue to be based on customer-specific job requirements.

Analysis and Recommendation

The DOE has reviewed Eversource's methodology and revised calculations for the resulting costs per foot for single-phase overhead and underground facilities to be charged to customers during the period from April 1, 2023 through March 31, 2024. Based on that information, the DOE concludes that the revised calculations are consistent with the settlement agreement approved in Docket No. DE 08-135 and the Order in IR 14-190, and recommends the Commission find that the resulting charge adjustments for an effective date of April 1, 2023, are just and reasonable. In addition, to ease future review of these calculations, DOE recommends that Eversource provide more details regarding the calculations, including, but not limited to, how many line extensions were excluded for each of the exclusion categories and any associated information regarding such exclusions, such as length of extension, costs, and workorder numbers for each exclusion.

¹ Note that as a result of discussions between Eversource and DOE, Eversource determined that the 2021 rate for overhead and for underground extensions needed to be revised to ensure that the calculation met the requisite methodology. Those revisions are reflected in the 2021 historic figures that are used in calculating the proposed 2022 line extension rates.