

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 23-021**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

**d/b/a EVERSOURCE ENERGY**

**Petition for Approval of Change in**

**Regulatory Reconciliation Adjustment Rate**

**Order Approving a New Regulatory Reconciliation Adjustment Rate**

**O R D E R N O. 26,863**

**July 28, 2023**

In this order the Commission approves an average regulatory reconciliation Adjustment (RRA) rate across all rate classes of 0.033 cents per kilowatt hour (kWh) effective August 1, 2023, to be assessed on Eversource distribution customers. This compares with the currently effective average rate of 0.034 cents per kWh for this rate approved in Order No. 26,653 (July 26, 2022). For residential customers the new rate will be slightly higher, 0.047 cents per kWh, than the current rate of 0.046 cents per kWh. The rate change of approximately one-hundredth of a cent per month is unlikely to cause a discernable impact on customer's monthly bills.

**I. BACKGROUND**

On December 15, 2020, the Commission issued Order No. 26,433 approving the settlement of the Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) permanent rate increase request in Docket No. DE 19-057 (Settlement). The Settlement established the Regulatory Reconciliation Adjustment Rate (RRA) as a means for the Company to request recovery or refund to customers of a limited set of specifically identified costs. The RRA is a component of

Eversource's distribution rate and is adjusted annually to account for any over- or under-recoveries occurring in prior year(s). Under the Settlement the classes of costs eligible for inclusion in the RRA are: (1) regulatory Commission annual assessments and consultants hired or retained by the New Hampshire Department of Energy (DOE), the Commission, and the Office of the Consumer Advocate (OCA); (2) calendar year over- or under-collections from the Vegetation Management Program (VMP); (3) property tax expenses, as compared to the amount in base distribution rates; (4) lost-base distribution revenues associated with net metering; and (5) annual reconciliation of the storm cost amortization.

## **II. PROCEDURAL HISTORY**

Eversource filed a petition on March 1, 2023, requesting approval of its RRA for effect on August 1, 2023. This petition was updated by the Company with a filing made on May 1, 2023. On May 5, 2023, the Commission issued an order, scheduling a hearing for June 29, 2022. The Company submitted a revision to its March 1<sup>st</sup> filing on June 3, 2022. By order issued on June 28, 2023, the Commission rescheduled the June 29, 2023, hearing to July 11, 2023. DOE filed its technical statement and recommendation on July 5, 2023 and hearing was held as scheduled.

## **III. POSITIONS OF THE PARTIES**

### **A. Eversource**

Eversource's calculation of the RRA revenue requirement for effect August 1, 2023 is \$2,593,483, which represents a 0.5% increase in the total RRA revenue requirement when compared to prior year. The proposed average RRA rate for effect August 1, 2023 is 0.033 cents per kilowatt hour (KWh). The proposed overall average rate is largely driven by under-recoveries in DOE regulatory assessment and consultant expenses, property tax expense, lost base revenue due to net metering, and

rate case expense amortization. These increased costs are partially offset by over-recoveries of VMP expenses and the storm cost amortization offset. As to the components of the RRA, Eversource made the following requests.

**Reliability Statistics and VMP Reports** were filed by Eversource on March 1, 2023. The filing contained the 2022 Vegetation Management Plan and Performance Report, the 2023 Vegetation Management Plan Proposal, and the Reliability Report showing statistics for 2022 compared with prior years back to 2018. Eversource claims that the reports show that the Company was successful in its vegetation management activities in 2022 and that it has continued to improve its customer reliability over time. Testimony of Robert D. Allen, Elli Ntakou, and Russel Johnson, March 1, 2023, Page 26.

**Regulatory Commission annual assessments and consultant costs** incurred by the Commission, the DOE, and OCA are a category of expense recovered through the RRA. In accordance with RSA 363-A:6, amounts above or below the total DOE assessment, less amounts charged to Base Distribution and ES rates, shall be recovered, or refunded through the RRA. Additionally, charges related to legal and/or outside consulting service charges related to DOE approved special assessments for the expenses of experts employed by the Commission, the DOE, and OCA pursuant to the provisions of RSA 365:37, II, RSA 365:38-a, and RSA 363:28, III shall also be recovered through the RRA. The amount in base distribution rates pertaining to Commission assessments is \$5,220,056 reflecting the fiscal year 2020 assessment to PSNH and excludes \$10,000, which is recovered through the default Energy Service rate per Docket No. DE 14-238 8 and RSA 363-A:2, III. Attachment MBP/SRA-2, Page 5, line 10 reflects the \$1,898,000 revenue requirement for: (i) the actual DOE assessments per book expense compared to the approved annual Regulatory annual

assessments amount recovered in base distribution rates, for the period January 1, 2022 to December 31, 2022; and (ii) the actual Commission, DOE, and OCA Consultant expenses incurred for the period January 1, 2022 to December 31, 2022. In this case Eversource requests \$1,898,000 for this rate element in the RRA.

**Vegetation Management Program** (“VMP”) variances described in Section 6 of the Settlement shall include the calendar year over- or under collection from the Company’s VMP. In this case, Eversource requests that the actual 2022 VMP expense over-recovery of \$2,126,381 be carried over into the 2023 VMP budget year. The Company is proposing to transfer and apply the actual 2022 over-recovery amount of \$2,126,381 to serve as an offset to the 2023 program year VMP activities. See Attachment MBP/SRA-3, at 2.

**Property tax expenses** and related over- or under-recoveries, as compared to the amount of property tax expense in base distribution rates, and consistent with RSA 72:8-e, shall be adjusted annually through the RRA. In this case, Eversource requests the \$(229,043) over-recovery be netted against RRA expenses. See Attachment MBP/SRA-4, at 5. The over-recovery amount is calculated by comparing the actual Property Tax Expenses, as recorded in the Company’s accounting general ledger system (net of post-test year abatements, other related adjustments, and property tax amounts recovered in the three step adjustments), to the approved Settlement amount recovered in base distribution rates for the period January 1, 18 2022 to December 31, 2022. Eversource explains that the approved Step 1, Step 2, and Step 3 property tax revenue requirement amounts of approximately \$1.6 million, \$1.9 million, and a portion of \$1.9 million, respectively, were removed from the calendar year 2022 (CY 2022) calculation to determine the Property Tax expense revenue requirement to include in this RRA filing.

**Lost-base distribution revenues** associated with net metering, calculated consistent with RSA 362-A:9, VII and the Commission's approved Docket No. DE 16-576 method in Order No. 26,029 (June 23, 2017), is the amount of lost base distribution revenue recovered through the RRA based on the cumulative net metering installations beginning on January 1, 2019. In this RRA proceeding, the Company proposes to recover lost-base distribution revenues associated with net metering for calendar year 2022. Eversource requests recovery of the actual displaced LBR due to Net Metering for the period January 1, 2022 to December 31, 2022, resulting in a \$961,000 revenue requirement. Attachment MBP/SRA-5, Page 5. According to Eversource, this amount represents the lost revenue due to displaced kWh from net metered facilities during 2022 for all customer installations beginning on January 1, 2019.

**Storm cost amortization** is subject to final and annual reconciliations updated for the actual cost of long-term debt to recover storm costs incurred through December 31, 2018. As of August 1, 2019, the Company began to (i) amortize the storm costs through 2018 over five years through July 31, 2024; and (ii) apply a carrying charge to the unamortized balance of those storm expenses equal to its embedded cost of long-term debt. On an annual basis through July 31, 2024, the RRA will reconcile the storm cost amortization amount to adjust for the Company's actual cost of long-term debt interest rate as filed in the Company's Form F-1 on a quarterly basis. Attachment MBP/SRA-6, at 5, reflects the Storm Cost Amortization Return amount recovered in base distribution rates for the period January 1, 2022 to December 31, 2022, as compared to the recalculated Storm Cost Amortization Return amount using actual long-term debt interest rates for the period January 1, 2022 to

December 31, 2022. Eversource requests that the difference of (\$316,000) be refunded to customers through the RRA rate to reconcile costs collected in 2022.

**Rate case expense amortization** recovery over a five-year period beginning on August 1, 2022 of certain rate case expenses negotiated and settled by the parties, as filed and approved by the Commission in Order No. 26,634 (May 27, 2022) in Docket No. DE 19-057 at 7. The settled Rate Case Expense amount of \$1.8 million is amortized over five years – resulting in an annual Rate Case Expense amortization amount of approximately \$0.4 million for recovery through the RRA. Eversource requests recovery of Rate Case Expense Amortization in the amount of \$352,561. See Attachment MB/SR 7 at 4.

**Allocation of the total average RRA rate to each rate class.** Eversource allocated the total average RRA rate to each class using the same allocation methodology used to allocate prior step rate adjustments and RRA adjustments. The Company calculated an equal percentage change to each rate class and set rates using the target revenue determined for each rate class. Attachment MBP/SRA-8, page 3 provides the revenue allocation to each rate class and page 4 calculates the kWh or kW rates for each rate class. The proposed rates are included on page 1 of Attachment MBP/SRA-8.

#### **B. Office of Consumer Advocate**

The Office of Consumer Advocate on behalf of residential rate payers supported the RRA proposed by Eversource and recommended that the Commission approve the proposed rates as just and reasonable.

#### **C. Department of Energy**

The DOE in its technical statement filed on July 5, 2023, supported each of the six cost elements presented by Eversource in support of its request for adjusted RRA

rates. The DOE conducted cross examination of the Eversource witnesses at hearing and concluded that the rates were correctly calculated, consistent with the earlier rate case settlement and resulted in just and reasonable rates. The DOE recommended approval.

#### **IV. COMMISSION ANALYSIS**

The Commission is authorized to fix rates after a hearing, upon determining that rates, fares, and charges are just and reasonable. RSA 378:7. In circumstances where a utility seeks to increase rates, the utility bears the burden of proving the necessity of the increase pursuant to RSA 378:8. In determining whether rates are just and reasonable, the Commission must balance the customers' interest in paying no higher rates than are required against the investors' interest in obtaining a reasonable return on their investment. *Eastman Sewer Company, Inc.*, 138 N.H. 221, 225 (1994). In this way, the Commission serves as arbiter between the interests of customers and those of regulated utilities. *See* RSA 363:17-a; *see also EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 25,202 at 17 (March 10, 2011)

In this case, we review the proposed RRA including six elements. Each rate recovery element under the RRA has been reviewed and approved in prior proceedings. *See* Order No. 26,433 (December 15, 2020). We do not find any reason to revisit those rate mechanisms at this time. We will consider whether the rates are correctly calculated and whether the proposed rates are just and reasonable. Having reviewed the calculation of each of the rate elements and in reliance on DOE's and OCA's independent assessment of those rates we find that the rates were properly calculated and are just and reasonable. We approve the rates requested for the RRA by Eversource and shown below:

Rate	Blocks	Current Rates Effective 2/1/2023	Proposed Rates Effective 8/1/2023
R	All KWH	\$ 0.00046	\$ 0.00047
Uncontrolled Water Heating	All KWH	\$ 0.00026	\$ 0.00026
Controlled Water Heating	All KWH	\$ 0.00026	\$ 0.00026
R-OTOD/R-OTOD2	On-peak KWH	\$ 0.00046	\$ 0.00047
	Off-peak KWH	\$ 0.00046	\$ 0.00047
G	Load charge (over 5 KW)	\$ 0.15	\$ 0.15
Space Heating	All KWH	\$ 0.00027	\$ 0.00028
G-OTOD	Load charge	\$ 0.15	\$ 0.15
LCS	Radio-controlled option	\$ 0.00026	\$ 0.00026
	8-hour option	\$ 0.00026	\$ 0.00026
	10 or 11-hour option	\$ 0.00026	\$ 0.00026
GV	First 100 KW	\$ 0.06	\$ 0.06
	All additional KW	\$ 0.06	\$ 0.06
LG	Demand charge	\$ 0.05	\$ 0.05
B	Demand charge	\$ 0.04	\$ 0.04
OL, EOL, EOL-2	All KWH	\$ 0.00143	\$ 0.00144

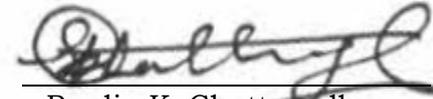
**Based upon the foregoing, it is hereby**

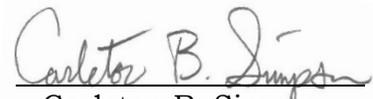
**ORDERED**, the rates for the RRA requested by Eversource and described in this order are **APPROVED** for effect August 1, 2023; and it is

**FURTHER ORDERED**, that Eversource shall file conforming tariffs with the Commission pursuant to N.H. Code of Admin. R. Puc 1603.02 within 15 days of this order.

By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of July, 2023.

  
Daniel C. Goldner  
Chairman

  
Pradip K. Chattopadhyay  
Commissioner

  
Carleton B. Simpson  
Commissioner

# Service List - Docket Related

Docket#: 23-021

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