

**STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

Docket No. DE 23-051

**Public Service Company of New Hampshire d/b/a Eversource Energy
Petition for Recovery of Storm Expenses**

Technical Statement of Jacqueline Trottier, Utility Analyst
and Mark Toscano, Utility Analyst
Department of Energy, Division of Regulatory Support

October 2, 2023

The New Hampshire Department of Energy (“DOE”) has conducted a review of the submissions made by Public Service Company of New Hampshire, d/b/a as Eversource Energy (“Eversource” or “the Company”), to the Public Utilities Commission (“Commission”) on May 1, 2023, in this proceeding. These submissions include a Petition for recovery of Storm Expenses, as well as the supporting joint testimony of Marisa B. Paruta and Dean C. Desautels. Collectively, these materials constitute the Company’s 2022 Major Storm Cost Reserve Report, denoted as the “2022 MSCR Report,” addressing storm related occurrences and expenses spanning from January 17, 2022 to July 24, 2022. Eversource seeks to recoup expenses linked to three major storms and six pre-staging events, the direct costs of which the Company has reported as aggregating to \$15,232,040, excluding carrying costs. The Company notes that the MSCR has been depleted, and therefore, they are seeking approval to defer the storm costs, plus carrying charges, until the funds have been replenished. There is no rate change triggered by this filing.

The DOE’s Enforcement’s Audit Division issued its “Major Storm 2022 **Final** Report (emphasis in original) (“Audit Report”) on Eversource’s MSCR Report on September 13, 2023. *See* Attachment 1 to this technical statement. DOE’s Regulatory Division has reviewed both Eversource’s 2022 MSCR Report and the Audit Report and held further discussions with the DOE Audit Division. As outlined below, in the opinion of the DOE, the 2022 MSCR report is accurate as filed with exceptions as identified in the Audit Report and agreed to by the Company. *See* Attachment 1 at pp. 38-41. Accordingly, DOE recommends that the Commission accept and approve the Company’s 2022 MSCR Report, with exceptions as identified in the Audit Report. Specifically, DOE recommends that \$7,654 be removed from the direct costs reported by the Company. Thereafter, inclusive of carrying costs as of March 31, 2023, DOE recommends approval of \$15,881,885 of costs in total with any adjustments for the carrying costs per the audit issues.

In the opinion of the DOE, if the Commission accepts the DOE’s recommendation, and approves recovery from the MSCR as stated, no further process is necessary, and the docket may be closed.

Background

The MSCR was initially established to recover incremental costs associated with qualifying major storms and was later expanded to include specified pre-staging costs for events that do not ultimately rise to the level of a major storm. *See* Order No. 23,443 (Apr. 19, 2000),

Order No. 23,549 (Sept. 8, 2000), and Order No. 25,465 (Feb. 26, 2013). The current level of funding included in distribution rates is \$12 million as approved in Order No. 26,433 in Docket No. DE 19-057. Further details regarding the history of the Company's MSCR including the MSCR funding levels over time can be found in the 2022 MSCR Report. See Testimony of Marisa B. Paruta and Dean C. Desautels at Bates 009.

DOE's Analysis

The 2022 MSCR Report contains details and expenses related to three qualifying major storm events. The criteria for cost recovery from the MSCR for a major storm event as found in Order No. 25,465 (Feb. 26, 2013). That Order states:

“Under the MSCR, a qualifying major storm is defined as a storm that results in either (1) 10% of more of PSNH's retail customers being without power in conjunction with more than 200 reported troubles, or (2) more than 300 reported troubles during the event...”

The storm events and their related expenses, as reported by the Company, are summarized in the table below.

Table 1. 2022 MSCR Major Storm Events and Expenses

	Direct Costs	Carrying Costs 03/31/2023	Total Costs 03/31/2023
03/08/2022 Major Storm	\$988,412	\$55,149	\$1,043,561
04/20/2022 Major Storm	\$2,108,810	\$97,791	\$2,206,601
07/21/2022 Major Storm	\$4,248,649	\$136,353	\$4,385,002
TOTAL	\$7,345,871	\$289,293	\$7,635,164

The 2022 MSCR Report contains details and expenses related to six qualifying pre-staging events. The criteria for cost recovery from the MSCR for a storm pre-staging event were established in Order No. 25,465 (Feb. 26, 2013). That Order states:

“...[f]or weather events having a “high” probability, that is, greater than 60% of reaching [Energy Event Index] EEI Level 3, pre-staging costs would be charged to the MCSR.”

The events and their related expenses, as reported by the Company, are summarized in the table below.

Table 2. 2022 MSCR Report Pre-Staging Events and Expenses

	Direct Costs	Carrying Costs 03/31/2023	Total Costs 03/31/2023
01/17/2022 Pre-Staging	\$1,597,348	\$81,312	\$1,678,660
01/29/2022 Pre-Staging	\$2,732,181	\$141,244	\$2,873,425
02/04/2022 Pre-Staging	\$113,700	\$5,863	\$119,563
02/25/2022 Pre-Staging	\$167,602	\$9,505	\$177,107
03/11/2022 Pre-Staging	\$2,321,704	\$100,222	\$2,421,926
07/24/2022 Pre-Staging	\$953,632	\$30,060	\$983,693
TOTAL	\$7,886,167	\$368,206	\$8,254,373

As stated above, the DOE Division of Enforcement Audit Staff provided its Audit Report on September 13, 2023. The Audit Report contains details of audit's review for

accounting and proper charging of Eversource's storm related costs associated with the three Major Storm events and the five Pre-Staging events for forecasted storms that did not materialize as major storms. Eversource's total reported direct costs for these storm events were \$15,232,040, prior to inclusion of carrying costs. Eversource's total costs, including carrying charges, as reported March 31, 2023 were \$15,889,539.

The Audit Report included three issues documented by DOE Audit regarding storm related charges, each with certain recommended reclassification/disallowance amounts, which the Company accepted. *See Attachment 1 at p. 38-41.* As identified by the DOE Audit Report, these issues were:

1. Audit Issue #1 - Requests for documentation led to a reclassification of costs to the correct storm work order resulting in a reclassification of \$1,481 to the costs under review here.
2. Audit Issue #2 - The dates listed on supporting documentation for charges post-dated the storm event for which they were applied resulting in a recommended disallowance of \$6,898.
3. Audit Issue #3 - Supporting documentation was not provided for storm expenditures resulting in a recommended disallowance of \$2,237.

As stated above, the Company agreed to include the amount in audit issue # 1 (\$1,481) and remove the amounts in audit issues #2 and #3 (\$6,989 + \$2,237) above, a cumulative total of \$7,654 for removal from its recovery of storm expenses from the MSCR.

DOE's Regulatory Division has reviewed and agrees with the DOE Audit Division's three recommendations.

Conclusion

As summarized in Table 3, the DOE has conducted a thorough review and examination of the Company's 2022 MSCR Report, which was received on May 1, 2023, in conjunction with the Audit Report dated September 13, 2023.

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

	Direct Costs	Carrying Costs 03/31/2023	Total Costs 03/31/2023
Three Major Storm Events	\$7,345,871	\$289,293	\$7,635,164
Six Pre-Staging Events	\$7,886,167	\$368,206	\$8,254,373
TOTAL reported as of March 31, 2023	\$15,232,040	\$657,500	\$15,889,539
DOE Audit Adjustments	(\$7,654)	*	(\$7,654)*
Adjusted 2022 MSCR Recommended Recovery Amount*	\$15,224,386	*	\$15,881,885*

NOTE: Table 3 TOTAL row matches amounts in 2022 MSCR Report but may not sum properly in table due to rounding.

*DOE Audit notes the actual balances as of 03/31/2023 include carrying charges. Once recommended adjustments are made, carrying charges will need to be recalculated.

Based on the outlined rationale, the DOE respectfully recommends that the Commission

reduce the amount the Company seeks to recover for the 2022 Major Storm and Pre-Staging events by \$7,654, for the reasons outlined above, and approve the recovery as outlined in Table 3 above (refer to Attachment 1 for further details) of the total direct costs of \$15,224,386 with the carrying costs adjusted per the audit adjustments,