

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

Docket No. DE 23-075

**Public Service Company of New Hampshire d/b/a Eversource Energy
Petition for Approval of Pole Plant Adjustment Mechanism Rates**

Technical Statement of Elizabeth R. Nixon and Stephen R. Eckberg
NH Department of Energy, Division of Regulatory Support

September 7, 2023

Summary

The New Hampshire Department of Energy (“DOE” or “Department”) has reviewed materials filed in this matter by Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or “the Company”) with the New Hampshire Public Utilities Commission (“Commission”), which include the Company’s Petition and the Joint Testimony of Marisa B. Paruta and Scott R. Anderson with accompanying Attachments. These materials comprise the Company’s request and support for an adjustment to its Pole Plant Adjustment Mechanism (“PPAM”) rate for the period October 1, 2023, through September 30, 2024 (“2023 PPAM filing”). The DOE also reviewed materials related to the Company’s Vegetation Management Program’s (“VMP”) planned and actual expenses as reported in DE 23-021 (Eversource’s 2023 Regulatory Reconciliation Adjustment), DE 22-010 (Eversource’s 2022 Regulatory Reconciliation Adjustment), and Order No. 26,729 in DE 21-020 (Eversource and Consolidated Communications Joint Petition to Approve Pole Asset Transfer) authorizing the transfer of utility poles and related assets and creation of the PPAM rate mechanism.

As described below, the preliminary (pre-hearing) opinion of the DOE is that the Company’s filing meets the requirements identified in Order No. 26,729 and the compliance tariff pertaining to the PPAM approved by the Commission on August 8, 2023, in DE 21-020. The Company’s filing addresses only the limited set of identified cost elements approved for inclusion in the PPAM, and it appears to the DOE that the testimony and schedules included in the filing, in conjunction with additional information provided during a Technical Session, accurately and adequately support the Company’s PPAM rate request. The DOE’s preliminary (pre-hearing) recommendation is that the Commission make the necessary findings and approve the Company’s PPAM rate request.

Background

The 2023 PPAM filing contains costs related to only one of four (4) specific cost elements that the Company is allowed to recover through the PPAM, as described in Order No. 26,729 and in the PPAM tariff approved on August 8, 2023. The four (4) allowed cost elements include:

- a) Pole Replacement O&M Transfer Costs: The actual costs associated with replacement poles for the prior calendar year based on the actual number of poles replaced and the actual Eversource cost to transfer the conductor from the old to the new poles.

- b) Annual Inspection Costs: The actual inspection costs and other upfront costs for the prior calendar year consisting of the number of poles inspected in the former Consolidated maintenance area and the per pole rate in effect. Upfront costs of \$250,000 in years 1 and 2 and \$75,000 in year 3 will also be included.
- c) Pole Attachment Revenue: Incremental third-party pole attachment revenues will be applied as an offset to the items in a) and b). Pole attachment revenues for formerly Consolidated owned poles will be tracked separately and billed at the Consolidated rate at the time of closing until a full pole attachment survey is conducted and, or a single, unified rate is applied to all poles.
- d) Vegetation Management Expense: The incremental vegetation management expense will be calculated as the vegetation management expenses formerly billed to Consolidated.

Order No. 26,729 in which the Commission approved the Pole Asset Transfer and established the PPAM states, “Unless otherwise stated, the Commission accepts the PPAM as proposed by Eversource, and allows the PPAM to operate until the resolution of Eversource’s next full rate case.” See Order at page 18. The current 2023 PPAM filing contains *only* expenses related to item d) above, as the pole ownership transaction between Eversource and Consolidated closed on May 1, 2023,¹ and these Vegetation Management Expenses were the only expenses which occurred in the “prior year” and are thus eligible to be included in this year’s PPAM. In the 2024 PPAM filing, it is anticipated that expense and revenue amounts from the categories a) through c) above will also be included in the Company’s PPAM rate filing.

DOE’s Analysis and Recommendation

The DOE has reviewed the materials provided in the Company’s filing pertaining to the sole PPAM expense element included in the current filing – certain VMP expenses. The DOE discussed details of the records related to VMP with the Company during a virtual Technical Session held September 6, 2023. A synopsis of the DOE’s review is provided below.

To ensure appropriate collection of VMP expenses via the multiple authorized rate mechanisms (i.e., base distribution rates, Regulatory Reconciliation Adjustment (“RRA”), and the PPAM), which include such expenses, the DOE reviewed multiple sources of information to be assured that no over-collection of the total VMP expenses existed. The approved Settlement Agreement in DE 19-057, which established the Company’s RRA, specifies that \$27.1 million is included in base distribution rates for the Company’s Vegetation Management Program which includes the program components: Scheduled Maintenance Trimming (“SMT”); Hazard Tree Removal (“HTR”); Right-of-Way trimming (“ROW”); and Enhanced Tree Trimming (“ETT”). In the current PPAM docket, certain SMT and HTR program costs of the VMP which were previously billed to Consolidated are included. These VMP costs had previously been billed to Consolidated under the terms of the Joint Maintenance Agreement for jointly owned poles but were not paid by Consolidated pending the results of the Pole Asset Transfer docket. Similar VMP cost-sharing arrangements also apply to other, non-Consolidated, jointly owned poles in Eversource’s franchise territory.

¹ See Joint Notice of Transaction Closing, dated May 1, 2023, at Tab 114 in the Commission’s Virtual File Room at [DE 21-020](#)

The DOE reviewed actual total VMP costs for 2021 and 2022, portions of which are included here in the PPAM, and are provided in schedules included in the Company's RRA docket filings. In DE 22-010, Attachment MBP/EAD-3 page 4 of 4 shows calendar year 2021 SMT costs totaling \$20,514,082 and HTR costs totaling \$10,686,632. That schedule is attached to this statement. See Attachment 1. In DE 23-021, Attachment MBP/SMT-3 page 5 of 5 shows calendar year 2022 SMT costs totaling \$18,023,748 and HTR costs totaling \$11,197,958. That schedule is also included as an attachment to this recommendation. See Attachment 2.

These attached schedules also provide "Reimbursable VMP Costs," which the Department understands to be the amounts that the Company would bill to joint pole owners, the majority of which would be billed to Consolidated, as Consolidated was previously the most significant joint pole owner. The schedules from the RRA filings show these amounts to be \$8,291,887 for 2021 and \$8,116,914 for 2022, which should include the VMP amounts owed by Consolidated for those years. The VMP amounts owed by Consolidated for SMT and HTR from February 10, 2021, through December 30, 2022, are included in this PPAM filing for calendar years 2021 and 2022 and are \$6,534,000 and \$7,899,000, respectively. These amounts are less than the total "Reimbursable VMP Costs" shown in the RRA schedules. This provides support that the VMP amounts proposed for inclusion in the PPAM are appropriate since the total amounts that would have been collected from Consolidated are less than the total reimbursable amounts.

The DOE reviewed supporting documentation provided by the Company in discovery for the total VMP amounts included in the PPAM. Based on this documentation, the DOE is satisfied that the VMP amounts in the proposed PPAM accurately reflect the amounts that would have been collected from Consolidated, and when totaled for each year, represent amounts less than the total "Reimbursable VMP Costs," a portion of which were billed to joint pole owners other than Consolidated.

Conclusion

The DOE has reviewed and investigated the material filed by the Company for the cost elements included, as authorized, in the PPAM. The DOE's preliminary (pre-hearing) position is to support the Company's filing and proposed PPAM rate and to provide preliminary support for the Company's calculation of VMP costs which were formerly billed to Consolidated and are now included in the PPAM, as presented. The DOE anticipates it will present its final position at hearing pending any additional information which may come to light through the Department's and Commission's cross examination of Company witnesses.