

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DE 24-034

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 22, 2024

Description of Proposal

On March 1, 2024, 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, 2024. The New Hampshire Department of Energy (DOE) has reviewed Eversource's methodology for the costs per foot for overhead and underground single-phase facilities to be charged to customers during the period April 1, 2024, through March 31, 2025. 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, 2024, 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. 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 March 1, 2024, Eversource filed updates to its line extension policy and the applicable tariff page, to become effective on April 1, 2024. 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 264 underground and 136 overhead line extensions based on line extensions completed during the three-year period from January 1, 2021 through December 31, 2023, of which 102 underground and 52 overhead were included for 2023.¹ The cost per foot only applies to the excess of 300 feet of

¹ Note that as a result of discussions between Eversource and DOE in the Docket DE 23-019, 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. Eversource used the corrected 2021 calculation from Docket DE 23-019. Those revisions are reflected in the 2021 historic figures that are used in calculating the proposed 2024 line extension rates.

distribution facilities, including the length of an Overhead or Underground Service Drop currently being installed to serve a customer premise.

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.

The data was then separated into two categories: overhead single-phase construction and underground single-phase construction. Eversource used a statistical approach to eliminate outliers, by removing the line extensions in each category with an average cost per foot greater than three standard deviations from the category average.

Finally, Eversource adjusted the total costs and average cost per foot figures for 2021 and 2022 to 2023 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, 2024, the cost per foot for overhead line single-phase extensions will increase by \$0.57, from \$30.69 to \$31.26. The cost per foot for single-phase underground line extensions will increase by \$1.73, from \$20.32 to \$22.05. The DOE questioned this 8% increase during the technical session. Per the company, this increase can be explained by the rising cost of materials and seems reasonable. As specified in the tariff, the estimated cost in excess of 300 feet of distribution facilities 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 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, 2024, through March 31, 2025. The DOE requested additional support during the technical session which was provided by the company. The DOE reviewed this additional detail and supports their calculations. 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, 2024, are just and reasonable.

Additionally, although Eversource provided additional supporting documentation upon the DOE's request, in order to ease future review, the DOE recommends that Eversource provide

more details regarding the calculations of excluded line extensions in future line extension dockets, including, but not limited to, information regarding the length of extension and costs.