

THE STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

Public Service Company Of New Hampshire d/b/a Eversource Energy

Docket No. DE 24-070

Request for Change in Distribution Rates

SETTLEMENT AGREEMENT ON TEMPORARY RATES

I. INTRODUCTION AND PROCEDURAL BACKGROUND

This Settlement Agreement (“Agreement”) is entered into this 19th day of July, among Public Service Company of New Hampshire d/b/a Eversource Energy (“PSNH” or the “Company”), the Office of the Consumer Advocate (“OCA”), and the New Hampshire Department of Energy (“DOE” or “Department”) (collectively, the “Settling Parties”), to set temporary rates for the Company pursuant to RSA 378:27.

On May 3, 2024, PSNH filed with the Commission its Notice of Intent to File Rate Schedules pursuant to N.H. Code Admin. Rule Puc 1604.05. On June 11, 2024, PSNH filed a petition for Permanent and Temporary Rates, proposed revised tariff pages, supporting testimony and attachments, and rate schedules requesting changes to the Company’s permanent rates that are intended to yield an annual increase of \$181,898,881 in permanent distribution revenues to be effective August 1, 2025. The Company also proposed temporary rates intended to recover a revenue deficiency of \$76,691,151. The Company’s requested permanent rate increase of \$181,898,881 is inclusive of the originally proposed temporary rate increase of \$76,691,151.

Since the filing, the Company has received data requests from the OCA and DOE on a rolling basis. Additionally, on July 2, July 10, and July 15, 2024, the Company participated in technical sessions that evolved into settlement discussions, where consensus was reached among

the Settling Parties as to the Company's temporary rates effective August 1, 2024. This settlement includes the Settling Parties' recommendation as to temporary rates in this proceeding.

II. SETTLEMENT TERMS

The Settling Parties agree that this Agreement, as described below, should be approved by the Commission as written. The terms of this Agreement constitute an interdependent, comprehensively negotiated whole, and each Settling Party's agreement to each individual term is dependent upon agreement with all terms.

A. Temporary Rate Level and Rate Impact

The Settling Parties agree that temporary rates shall be set for the Company to recover a revenue deficiency of \$61,238,671¹. For the residential customer, this will result in a 14.64 percent increase to the distribution portion of the customer's bill, or 5.27 percent increase to the total bill for an average residential customer, on a temporary basis. For an average Rate R residential customer using approximately 600 kWh of energy a month, the result will be a \$6.76 overall monthly bill impact. The Settling Parties agree that the Company's June 11, 2024 temporary rate request shall be amended as follows, an accounting summary of the impacts of these changes has been filed as Exhibit 2:

1. Test Year Per Book Revenue Deficiency: The Company's unadjusted test-year revenue deficiency is \$51,247,120 based on an authorized return on equity ("ROE") of 9.3 percent. The Settling Parties agree that the Company shall include this test-year per book deficiency as part of the \$61,238,671 temporary rates increase effective August 1, 2024.

¹ The revenue deficiency change also includes accompanying changes to income tax expense and uncollectible expense as a result of the agreed-upon adjustments in this Agreement. See Exhibit 2, Lines 26, 40, and 47.

2. Unrecovered, approved storm costs: The Company’s original temporary rate request included: (i) \$12 million to continue to fund the Major Storm Cost Reserve (“MSCR”), which was approved in Order No. 25,534 (June 27, 2013); (ii) \$15,216,947 for recovery of storm costs consistent with the approved settlement in Docket No. DE 19-057²; and (iii) \$9,022,155 to recover the balance of unrecovered storm costs as of July 31, 2024 that were approved in Docket Nos. DE 22-031 and 23-051.³

The Settling Parties agree that the Company shall remove the proposed \$9 million increase for storm cost recovery included in the Company’s temporary rate proposal. The Company shall begin to recover storm costs, totaling \$24,239,102, that have already been approved for recovery in Docket Nos. DE 22-031 and DE 23-051, inclusive of carrying charges, by applying the full \$12 million that will be recovered through the MSCR (which is a component of distribution base rates), during the period of August 1, 2024 through July 31, 2025, to the remaining balance of the unrecovered storm costs from Docket Nos. DE 22-031 and 23-051. In addition, the Company will reduce the \$15,216,947 million currently in rates for storm cost recovery to \$6,239,102. This will leave a remaining balance as of August 1, 2025 of approximately \$6 million of approved, unrecovered costs. See Exhibit 3, UPDATED Attachment ES-REVREQ-1 (Temp), Schedule ES-REVREQ-30 at 2, Line 20.

3. Remove proposed Normalizing Adjustments from temporary rate request, with the exception of normalizing adjustments for non-recurring, one-time items associated with the CCI Pole Purchase: The Company originally proposed certain normalizing

² Pursuant to the settlement approved in Order No. 26,265, the Company amortized approximately \$68.5 million in unrecovered storm costs over a five-year period beginning August 1, 2019. The amortization of these storm costs concludes on August 1, 2024.

³ The proposed \$9,022,155 was proposed as an incremental increase to the \$15,216,947 already included in rates to recover the full unrecovered balance of storm costs approved in Docket Nos. DE 22-031 and 23-051, totaling \$24,239,102, inclusive of carrying charges.

adjustments to its test-year per book revenue requirement. Some of the normalizing adjustments increased the revenue request for temporary rates, while others decreased the revenue request. The Settling Parties agree that the Company shall remove all the normalizing adjustments from its temporary rate request as shown on Attachment ES-REVREQ-1 (Temp), Schedule ES-REVREQ-5, at 5 (Bates page 01498), except for two adjustments. The Company's temporary rates will include a normalizing adjustment to eliminate two per-book credits that were recorded as a reduction to distribution expense during the test year of \$16,896,040⁴ and \$4,738,341⁵. These are non-recurring, one-time adjustments, recorded in 2023 via journal entries at the time of the Commission's approval of Eversource's purchase of the pole assets that were previously jointly owned by Consolidated Communications Inc. ("CCI").

4. Base rate adjustments: The Company's original temporary rate change proposal included certain prepayments in rate base. Prepayments represent payments for services in advance, such as insurance premiums. For purposes of this settlement agreement, the Company shall remove all prepayments included in rate base in the temporary rate calculation. The Company's original temporary rate change proposal also included certain regulatory assets and liabilities in rate base. For purposes of this settlement agreement, the Company shall remove all regulatory assets and liabilities included in rate base, for temporary rates, which have not been

⁴ Following the execution of the Pole Purchase Agreement ("PPA") between Eversource and Consolidated Communications ("CCI") in May, 2023, the Company recorded a one-time reversal of the previously established reserve of the pole inspection, pole replacement and vegetation management costs incurred after February 10, 2021. This one-time accounting adjustment that occurred in the test year resulted in the establishment of the PPAM regulatory asset approved in the DE 21-020 Order No. 26,729, which totaled \$16,896,040.

⁵ Following the execution of the PPA between Eversource and CCI, the Company recorded all necessary purchase accounting adjustments to properly account for the pole asset acquisition. The final executed PPA included the settlement of \$17.3 million in outstanding receivables prior to February 10, 2021 and the payment of \$5.9 million in cash as consideration paid for the poles acquired. The total receivables forgiven in the PPA included amounts that were previously reserved for accounting purposes via the establishment of an allowance for doubtful accounts reserve. Therefore, once all purchase accounting entries were recorded there was \$4,738,341 of excess allowance for doubtful accounts reserve which was adjusted in the final purchase accounting entries during the test year period.

previously authorized for recovery by the Commission. The prepayments, regulatory assets and liabilities shall be considered in the permanent rate portion of this proceeding. *See also* Exhibit 3, UPDATED Attachment ES-REVREQ-1 (Temp), Schedule ES-REVREQ-36 at 1, Lines 32-33 and 40.

5. Capital structure: The Company will use the capital structure approved in the last PSNH rate case settlement from Docket No. DE 19-057, rather than the actual test year capital structure. The temporary rates will be calculated based on a 9.3 percent ROE, and a 54.41 percent equity ratio resulting in a weighted average cost of capital (“WACC”) of 6.84 percent. *See* Exhibit 3, UPDATED Attachment ES-REVREQ-1 (Temp), Schedule ES-REVREQ-40 at 1, Line 37.

6. Customer Charge and Distribution Rates: PSNH shall reduce the proposed increase to the fixed customer charge for residential Rate R in temporary rates from \$16.34 to \$15.00, and shall make a corresponding, revenue neutral adjustment to the volumetric (per kWh) distribution rate. The Company shall also make an adjustment to the proposed residential time-of-day rate R-OTOD-2 from a proposed charge of \$19.52 to \$18.00, and shall make a revenue neutral adjustment to kWh charges. All other distribution rate changes shall be adjusted by a uniform percentage of 14.64 percent.

B. Effective Date

The Settling Parties agree that temporary rates will take effect and begin to be billed for service rendered on and after August 1, 2024. The Settling Parties acknowledge that the adjustment to the Company’s distribution revenue requirement as described above results in changes to customer rates that differ from those described and shown in Attachments ES-REVREQ-1 (Temp), and ES-EAD-3 (Temp) through ES-EAD-6 (Temp) as they were originally

filed on June 11, 2024. Accordingly, updated versions of those attachments have been filed as Exhibits 3 and 4, respectively, to detail the changes to the revenue requirement as well as impacts to rates and customer bills. The Settling Parties agree that the rates included in these updated documents are just and reasonable and in the public interest and should be implemented as temporary rates during the pendency of this proceeding. Updated tariff pages reflecting the rates in this Agreement have been filed as Exhibit 5 and are submitted to the Commission for approval as compliant with the Puc 1600 rules.

III. GENERAL PROVISIONS

This Agreement is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept this Agreement in its entirety, without change or condition, the Settling Parties agree that any party hereto, at its sole option, may withdraw from this Agreement, in which event it shall be deemed to be null and void and without effect and shall not be relied upon by any of the Settling Parties to this proceeding or the Commission for any purpose. The Commission's acceptance of this Agreement shall not constitute continuing approval of, or precedent regarding, any particular principle or issue in this proceeding, but such acceptance does constitute a determination that the provisions set forth herein in their totality are just and reasonable under the circumstances.


The Commission's approval of the recommendations in this Agreement shall not constitute a determination or precedent regarding any specific adjustments, but rather shall constitute only a determination that the rates resulting from this Agreement are just and reasonable for purposes of temporary rates in this proceeding. The discussions that produced this Agreement have been conducted on the understanding that all offers of settlement and discussions relating thereto are and shall be confidential, shall be without prejudice to the position of any party or participant

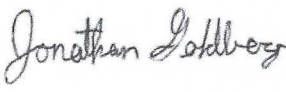
representing any such offer or participating in any such discussion, and are not to be used in connection with the remainder of this proceeding, any future proceeding, or otherwise.

Each of the Settling Parties reserves the right to argue for any position for inclusion or exclusion in permanent rates, including but not limited to costs that were removed from the Company's temporary rate request. This Agreement may be executed electronically and in multiple counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one agreement binding on all Settling Parties.


IN WITNESS WHEREOF, the Settling Parties have caused this Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a EVERSOURCE ENERGY

By:  _____ July 19, 2024
Jessica A. Chiavara, Esq.,
Senior Counsel

By:  _____ July 19, 2024
Jonathan A. Goldberg, Esq.
Counsel for Public Service Company of New Hampshire

OFFICE OF THE CONSUMER ADVOCATE


By:  _____ July 19, 2024
Matthew J. Fossum, Esq.
Assistant Consumer Advocate


NEW HAMPSHIRE DEPARTMENT OF ENERGY

By: _____ July 19, 2024
Paul B. Dexter, Esq.
Legal Director

IN WITNESS WHEREOF, the Settling Parties have caused this Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a EVERSOURCE ENERGY

By:  _____ July 19, 2024
Jessica A. Chiavara, Esq.,
Senior Counsel

By:  _____ July 19, 2024
Jonathan A. Goldberg, Esq.
Counsel for Public Service Company of New Hampshire

OFFICE OF THE CONSUMER ADVOCATE

By: _____ July 19, 2024
Matthew J. Fossum, Esq.
Consumer Advocate

NEW HAMPSHIRE DEPARTMENT OF ENERGY

By:  _____ July 19, 2024
Paul B. Dexter, Esq.
Legal Director