

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: May 5, 2016

AT (OFFICE): NHPUC

RF

FROM: Rich Chagnon, Utility Analyst – Electric Division

SUBJECT: Docket No. IR 14-190

Public Service of New Hampshire d/b/a Eversource Energy, Unitil Energy Systems, Inc. and Liberty Utilities (Granite State Electric) Corp.

Investigation into Line Extension Policies
Staff Recommendation

TO: Debra A. Howland, Executive Director
Chairman Martin P. Honigberg
Commissioner Robert R. Scott
Commissioner Kathryn M. Bailey
Tom Frantz, Director – Electric Division
Amanda O. Noonan, Director – Consumer Services & External Affairs

Summary

On July 18, 2014, the Commission issued an order of notice to open the above-captioned docket for the purposes of investigating the policies of the electric distribution utilities regarding line extensions for new residential housing. The Commission required Public Service Company of New Hampshire now Eversource (Eversource), Liberty Utilities (Granite State Electric) Corp. (Liberty), and Unitil Energy Systems, Inc. (Unitil) to participate in the proceeding.

On April 2, 2015 in Docket No. IR 14-190, Staff submitted recommendations to the Commission to align the policies of Eversource, Liberty and Unitil for single-phase line extensions for individual residential customers involving line extensions along a public way.

On April 8, 2016, Staff restated the four recommendations contained in its April 2, 2015 memo filed in this docket and laid out a suggested schedule for implementation.

On April 15, 2016, Eversource responded to the above Staff recommendation. The Company agreed to the implantation schedule for two of Staff's recommendations relative to Eversource; however, Eversource did not agree with the proposal for implementation for the third recommendation. In its response, the Company wrote;

“Presently, Eversource is in the process of designing and building customer-requested line extensions throughout its service territory. Those extensions are based on the present policy and rates in Eversource's tariff. Accordingly, to implement a new policy at this point may require changes to extensions already being built, and may change the rights and obligations of the customers who have requested these extensions. Therefore, Eversource is willing to implement the change prior to its next rate case, but believes that the change should be made following the construction season to avoid having conflicting policies applied during construction. Eversource proposes to implement this recommendation on January 1, 2017 to avoid the issues that would otherwise arise. Additionally, and for clarity, Eversource would apply the change on a prospective basis -that is, the new policy would apply to any line extensions built after January 1, 2017. This would provide a clear point of demarcation for Eversource, for customers, and for the Commission.”

Background

On April 2, 2015, in Docket No. IR 14-190, Staff submitted the following recommendations to the Commission to align the policies of Eversource, Liberty and Unitil for single-phase line extensions for individual residential customers involving line extensions along a public way;

1. For new line extensions, each distribution utility shall provide one pole and a service drop at no cost to customers (approximately 300 feet). This allowance should apply to both overhead and underground extensions. For Eversource, this provision will result in the application of the per foot cost to all but the first 300 feet of the extension.
2. For projects that cost up to \$3000, the customer shall pay the costs prior to construction. For projects in excess of \$3000, customers can choose to pay the excess costs over a period of time not to exceed 5 years. The companies may charge interest on any unpaid amounts equal to the rate applied to customer deposits.
3. Eversource should begin to allocate, and Unitil and Liberty should continue to allocate, costs between the initial customer and any subsequent customer that

takes service from the initial line extension in the five-year period following the construction of the line extension. The first customer shall be responsible for notifying the company when a new customer takes service from the line extension. Absent such notification from the first customer, the utility shall not be required to allocate the cost of the extension to subsequent customers.

4. Liberty is the only electric distribution utility that does not take ownership of underground line extensions. Staff understands that Liberty already locates and marks underground residential service lines. Staff recommends that the Commission require Liberty to take ownership of and maintain line extensions for all the new residential underground service lines, consistent with the practice of Eversource and Unitil.

On April 8, 2016, Staff restated the four recommendations contained in its April 2, 2015 memo filed in this docket and laid out a suggested schedule for implementation as follows;

Staff recommends that the Commission require Eversource to submit changes to its line extension policy to incorporate recommendations one and two above when the Company prepares and submits its next rate case to the Commission. These changes involve line extensions to a single-family home or a residential duplex. Based on conversations with Eversource representatives, Staff understands that Eversource agrees with this recommendation.

Further, Staff recommends the Commission require Eversource to implement recommendation number three above immediately. These changes involve line extensions to a single-family home or a residential duplex.

Staff's April 2, 2015 memo also included a recommendation that Liberty take ownership of, and maintain line extensions for, all new underground service lines as described in item four above. Staff continues to believe this change to Liberty's line extension policy is appropriate. As Liberty recently filed with the Commission a notice of intent to file rate schedules, Staff recommends the Commission require Liberty to address this issue in its upcoming rate filing.

Based on the above, Staff requests the Commission close Docket No. IR 14-190.

Recommendation

Based on Eversource's response regarding the number of line extensions to a single-family home or a residential duplex along a public way, Staff estimates Eversource receives approximately 33 requests annually. The Company noted in its response that most of these line extension requests are one span in length. Based on that, it is reasonable to conclude that few of the estimated 33 requests annually would result in future requests for service from other customers.

Staff recognizes that summertime is the construction season in New Hampshire; however, implementing a change in its tariff to allow for the allocation of costs between the initial customer and any subsequent customer would affect few Eversource customers, and Staff believes the Company has the expertise to make this transition, particularly as it is still relatively early in the construction season.

As a revision to the tariff would consist of one additional paragraph in Section 34.3 (Page 28), it would not be unduly burdensome on the Company to make such a change, and Staff expects such a change could be accomplished quickly.

Staff recommends that the Commission require Eversource submit changes to its line extension policy to incorporate recommendation number three effective July 1, 2016. This would apply to any line extensions built on or after July 1, 2016.

This change will provide relief to the few customers who request line extensions along a public way and one or more additional customers build within the same line extension service area within the next five years of the original installation. This change will also bring the line extension policies for the three New Hampshire electric utilities closer in process, which is the goal of the Commission regarding these policies.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

Executive.Director@puc.nh.gov
allen.desbiens@nu.com
amanda.noonan@puc.nh.gov
david.goyette@puc.nh.gov
donald.kreis@oca.nh.gov
epler@unitil.com
grant.siwinski@puc.nh.gov
heather.tebbetts@libertyutilities.com
kristi.davie@eversource.com
leszek.stachow@puc.nh.gov
lois.jones@eversource.com
matthew.fossum@eversource.com
maureen.karpf@libertyutilities.com
ocalitigation@oca.nh.gov
richard.chagnon@puc.nh.gov
Stephen.Hall@libertyutilities.com
steven.mullen@libertyutilities.com
suzanne.amidon@puc.nh.gov
tbohan@spragueenergy.com
tom.frantz@puc.nh.gov
wade@unitil.com

Docket #: 14-190-1 Printed: May 05, 2016

FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**
- DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**