

STATE OF NEW HAMPSHIRE

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May 10, 2017

Ms. Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, New Hampshire 03301

Re: Docket No. DE 17-076, Public Service Company of New Hampshire d/b/a  
Eversource Energy  
Request for Extension of Reliability Enhancement Program

Dear Ms. Howland:

This follows up on the letter filed earlier today in the above-referenced docket by the Staff of the Commission, raising significant concerns about the May 1, 2017 proposal by Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) to extend its Reliability Enhancement Program (REP) for a two-year period commencing on July 1, 2017.

Eversource has had a REP since 2006 and the Commission's support of such a program is "long-standing." Order No. 25,793 (June 25, 2015) in Dockets DE 09-035, 11-250 and 14-238 at 5. The Office of the Consumer Advocate (OCA) shares the Commission's support of REPs at all three of New Hampshire's investor-owned electric distribution companies inasmuch as it is critical to the welfare of residential utility customers that electric distribution companies make investments specifically targeted to maintaining a suitable degree of system reliability.

However, it is important for the Commission to keep in mind that reliability enhancement literally comes at a price: an automatic rate reconciliation mechanism that allows the utility to adjust rates and recover costs without subjecting the applicable expenditures and investments to the degree of rigorous review (for prudence and "used and usefulness," *inter alia*) that would apply in a full rate case.

In these circumstances, the OCA cannot agree with Eversource that the appropriate vehicle for continuing the REP beyond June 30 of this year is via Commission approval of a motion pursuant to N.H. Code Admin. Rules Puc 203.07. The Commission appears to have implicitly adopted the OCA's view by opening a new docket to consider the Eversource request, which the Company had attempted to style as a motion filed in Docket No. DE 09-035, Eversource's most recent and long-since-concluded distribution service rate case.

Oddly, the Eversource "motion" invokes not only Rule Puc 203.07 but also Puc 203.20, the Commission's rule covering the submission and consideration of settlement agreements. As noted in its filing, Eversource has complied with the Commission's requirement that the Company "work with Staff and the OCA" on any proposal to continue the REP beyond its current expiration date. Eversource Motion at 4, quoting Order No. 25,913 (June 28, 2016) in Dockets DE 09-035, 11-250 and 14-238 at 5. The OCA had a productive meeting with representatives of Eversource on April 6, 2017 and the proposal filed on May 1 is consistent with the representations made by Eversource at that meeting. But "worked with" does not mean the same thing as "agreed to." The proposal reflected in the Eversource filing is not a settlement agreement. It calls for an exercise of the Commission's RSA 378 rate-setting authority and, as such, should be treated as a petition that triggers the contested case procedures set forth in RSA 541-A:31 and Part Puc 203 of the Commission's rules.

Therefore, the Commission should respond to the May 1 submission of Eversource by issuing an Order of Notice that sets an intervention deadline and schedules both a technical session and merits hearing that allows for a resolution of this case prior to the June 30, 2017 expiration of the current REP.

On the merits, the OCA shares the concerns expressed in Staff's letter. We are, perhaps, more willing than Staff is to consider a two-year REP program but it would have to include commitments and safeguards beyond those described in the testimony accompanying the Eversource pleading. For example, the "Troubleshooter" program should be subject to a full review by the Commission's audit staff and Eversource should commit to reliability reporting at the circuit level.

Like Staff, we are concerned about the propriety of allowing Eversource to use the REP rate adjustment mechanism to recover grid modernization costs. The recently issued report of the Grid Modernization Working Group calls for both the regular submission of grid modernization plans by each utility and the recovery of grid modernization costs via yet another rate adjustment mechanism. From the standpoint of residential utility customers who have a statutory right to expect Eversource to make investments on a least-cost basis pursuant to RSA 378, two potentially overlapping rate adjustment mechanisms create too much mischief potential.

Accordingly, the OCA agrees with the concerns expressed in today's letter from Staff and believes the appropriate way to address those concerns is to treat the Eversource filing as a petition that triggers the commencement of adjudicative proceedings. We look forward to working with Eversource and Staff on resolving any disputed issues and agreeing upon a framework for facilitating continued progress by Eversource in the realm of reliability.

Please feel free to contact me if there are any questions or concerns about the foregoing.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Maurice Kreis". The signature is fluid and cursive, with a small dash above the final "i".

D. Maurice Kreis  
Consumer Advocate

Cc: Service list