

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

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

Motion for Approval of Reconciliation and Continuation of Reliability Enhancement Program

Docket No. DE 17-076

**Joint Technical Statement of
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June 2, 2017

A. Purpose of Technical Statement

This Technical Statement is being submitted to explain the revisions to the proposed Reliability Enhancement Program (“REP”) of Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or “Company”) through the remainder of calendar year 2017, as well as information pertaining to the REP in 2018 and beyond.

B. Background

A history of the Eversource REP is set out in Eversource’s initial filing in this docket submitted on May 1, 2017. For purposes of this technical statement, the Company notes that on May 1, it made its initial filing in the docket as a motion for approval of the reconciliation of the prior REP costs and revenues in conjunction with a request to extend the REP for two years. In that filing, the Company proposed to maintain the REP in essentially its existing form and at its present funding level. To maintain the funding level without a rate change, Eversource proposed to redirect funding that had been previously applied to the amortization of a variety of costs flowing out of the Company’s last rate case in Docket No. DE 09-035.

On May 10, 2017, the Commission Staff filed an objection to the Company’s request describing a number of concerns that it had with the proposal. Of note, the Staff sought to avoid continuing a split calendar year program by having a shortened program for the remainder of 2017 leading into a calendar year program in 2018. Additionally, the Staff stated its position that the proposed levels of capital and operations and maintenance (“O&M”) funding were too high and without sufficient support, and noted that it desired to avoid including capital projects in the REP that were more properly part of a grid modernization program. Lastly, the Staff stated its desire that rather than redirect the funds relating to the amortized costs, the Company should allow collection of those funds to terminate and that the Company’s distribution rates should be adjusted accordingly.

Also on May 10, the Office of Consumer Advocate (“OCA”) filed a letter noting its concerns with Eversource’s proposed REP. The OCA noted that it shared the concerns expressed in the Staff’s submission. Similar to the Staff, the OCA stated that it believed additional information was required beyond that which Eversource had provided, and that investments that are more properly characterized as relating to grid modernization should not be included in the REP.

On May 17, the Commission issued an order of notice in the docket that, among other things, described Eversource’s submission and the objections to it. The Commission ordered the Company to work with the Staff and OCA to address the concerns identified. The Commission also scheduled a technical session which was attended by representatives of the Company, Staff and the OCA on May 19. Based upon the submissions of the Staff and the OCA, and the discussions at the technical session, the Company now makes the included revised filing relating to the REP for the remainder of 2017, as well as certain commitments relating to the REP for 2018 and beyond. Eversource understands that the Staff and OCA support, or do not object to, the revised plan for 2017. The Company also notes that this submission includes a reconciliation of prior REP-related revenues and expenditures as shown in Attachment CJG-1.

C. Revised REP for 2017

Included with this technical statement as page 4 of Attachment CJG-2, is a revised capital and O&M plan covering July 1 to December 31, 2017. Broadly, the Company has revised its REP capital plan for the second half to 2017 to include a budget of \$10 million. Approximately, \$2.7 million is directed to distribution automation, including pole top and substation automation, and another \$3.9 million is directed toward improving the reliability of the overhead distribution system, including through circuit tie construction. The specific amounts for each program are described in Attachment LGL-1, along with details on the proposed projects – the number of units, the locations, the intended reliability benefits, and other information.

As noted in Eversource’s initial filing in the docket, trees continue to be the single greatest cause of outages on the distribution system. Accordingly, the balance of the capital budget proposed for the remainder of 2017 is directed to vegetation management initiatives. That work includes enhanced tree trimming (“ETT”), hazard tree removal, and full width right-of-way clearing as described in Attachment LGL-1.

With respect to the O&M budget, the revised budget maintains the funding for the Company’s troubleshooter program (described in detail on pages 7-8 of the testimony of Messrs. Lajoie and Dickie in Eversource’s initial filing). The budget, however, reduces the O&M portion of capital from what was initially proposed. The revised O&M was calculated to fund the capital expenses identified in the revised plan.

With the revisions to the budgets and programs as described Eversource has attempted to address the concerns expressed by the Staff and OCA. Eversource has aligned its budgets with the expectations of the Staff and it has ensured that the

programs and initiatives for 2017 are specific to enhancements in reliability. Eversource requests that the Commission approve the REP proposal contained in this submission for the remainder of calendar year 2017.

D. Rate Changes

Regarding the rate items identified by Staff, the Company has revised its treatment of the various amortizations consistent with the Staff's description. As shown in Attachment CJG-3 the Company will have the various amortized amounts run off and will no longer collect those funds from customers. Of note some of the funds relating to those amortizations – specifically the 2010 wind storm amortization – had previously been redirected to fund the REP collections consistent with the 2015 settlement agreement. Accordingly, ending the collection of amortization funds will require an adjustment to Eversource's distribution rates to continue funding for the REP. The net result of the decrease for the termination of the amortizations (an average rate change of -0.144 cents per kWh, as shown on Attachment CJG-3, Line 7) and the increase in distribution rates to fund the revised REP (an average rate change of 0.058 cents per kWh, as shown on Attachment CJG-1, Line 13) is a decrease in average distribution rates of 0.086 cents per kWh, or 1.9% of the Company's current average distribution rate of 4.438 cents per kWh. All else remaining unchanged, an average residential customer using 600 kWh per month would see a bill decrease of \$0.74 per month beginning on July 1, 2017.

Attachment CJG-4 shows, for each distribution charge in the Company's tariff, the adjustment for the amortization run off, the adjustment for the REP collections, and the resulting charge proposed for effect on July 1. Each of the adjustments was reflected in rates by adjusting all charges by an equal percentage. This is the rate treatment specified in the "Settlement Agreement on Permanent Distribution Service Rates" in Docket No. DE 09-035 and continued in the "2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement" dated June 10, 2015. Eversource requests that the Commission approve the distribution rate changes as contained in this submission in sufficient time to permit the changes to become effective for service rendered on and after July 1, 2017.

E. 2018 and Following

In addition to the changes described above, the Staff has also identified its interest in conducting the REP on a calendar year basis, rather than on a split year basis. Eversource supports moving to a calendar year program because it aligns better with budgeting and reporting requirements.

Additionally, while the Commission has previously made clear its support for the REP, both the Staff and the OCA referred to the need for additional information and enhancements to ensure continued support for Eversource's REP beyond 2017. Eversource is committed to working with the Staff and OCA to ensure that they have the necessary information and analyses to understand Eversource's REP, its implementation, goals, and achievements. Therefore, Eversource will work with the Staff and OCA during 2017 to ensure a complete and useful REP proposal can be

provided and implemented in 2018 and beyond. REP is important to the Company's customers, and Eversource is committed to doing what it can to ensure the continuing success of this long-standing, Commission-supported program.