

**THE STATE OF NEW HAMPSHIRE  
SUPREME COURT  
No. \_\_\_\_\_**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
D/B/A EVERSOURCE ENERGY**

**Petition for Recovery of Annual Assessment and Consultant Costs**

**PUC Docket No. DE 17-160**

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**APPENDIX OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A  
EVERSOURCE ENERGY**

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**APPEAL OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
D/B/A EVERSOURCE ENERGY  
PURSUANT TO RSA 541:6 AND RSA 365:21  
(NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION)**

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**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 17-160**

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

**Petition for Recovery of Annual Assessment and Consulting Costs**

**Order Regarding Staff Audit of Consultant Costs**

**ORDER NO. 26,108**

**March 2, 2018**

In this Order, the Commission directs Eversource to comply with the findings contained in Staff's audit of the accounting treatment of consultant costs. Specifically, the Order directs Eversource to reduce its recovery of consulting costs by \$200,904 beginning with rates effective April 1, 2018, and to credit ratepayers for the over-recovery of consulting costs incurred between January 1 and March 31, 2018.

**I. PROCEDURAL BACKGROUND**

On October 10, 2017, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed a petition to recover through base rates the annual assessments that Eversource pays for its portion of Commission expenses and consultant costs incurred by Commission Staff and the Office of Consumer Advocate (OCA). Utilities are required to pay consultant costs related to Commission investigations pursuant to RSA 365:37 and RSA 363:28, III. The consultant costs for which Eversource seeks recovery are associated with IR 15-296, the Commission's investigation into grid modernization, and DE 16-576, in which the Commission considered the development of new alternative net metering tariffs and other regulatory mechanisms for customer-generators.

The Commission held a hearing on December 19, 2017, and issued Order No. 26,091 on December 27, 2017 (Order). In the Order, the Commission stated that “we agree that the Company’s accounting treatment of the consulting fees should be reviewed by Staff.” Order at 5. The Commission’s Audit Division conducted that review and prepared a report dated January 24, 2018. Staff filed the Audit Report on January 30 and Eversource responded on February 6. Staff filed a letter on February 23, 2018, correcting the Audit Report, noting that the correct amount of consultant costs eligible for recovery is \$229,665.<sup>1</sup>

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission’s website at <http://www.puc.nh.gov/Regulatory/Docketbk/2017/17-160.html>.

## II. AUDIT REPORT

The audit found that Eversource had expensed, not deferred, all of the consultant costs at issue that were booked in 2016 and 2017. The audit found further that the Company had “included \$200,904 of 2016 expenses within the year-end 2017 deferral.” Audit Issue #1, Audit Report at 7. The Audit Report concluded that Eversource had thus “overstat[ed] the deferral” and “must adjust the amount of the deferred consultant cost down from \$430,569 to \$229,665, adjust the rate being assessed to customers, and return the amount over-collected since the start of the year.” *Id.*

According to the Audit Report, Eversource’s inclusion of 2016 expenses in the 2017 deferral violated the Uniform System of Accounts established by the Federal Energy Regulatory Commission (FERC). Specifically, the Audit Report quoted the FERC rule that states what can be included in “account 182,” *i.e.*, the deferral account. “The amounts included in this account

<sup>1</sup> Because of the correction, page 5 of the Audit Report shows an incorrect amount of \$229,775. The correct amount is \$229,665 and the overstated amount is correctly shown as \$200,904.

are to be established by those charges which would have been included in net income, or accumulated other comprehensive income, determinations *in the current period under the general requirements of the Uniform System of Accounts.*” Audit Report at 7 (quoting FERC 182.3, “Other regulatory asset”) (emphasis in Audit Report). Because Eversource included \$200,904 in the 2017 deferral that had been booked as a 2016 expense, the deferral was overstated, contrary to the FERC rule.<sup>2</sup> *Id.* at 5.

### III. EVERSOURCE RESPONSE

Eversource replied to the Audit Report, explaining why it expensed the costs in 2016, but representing that it would defer such costs in the future.

Due to the timing of some of these non-routine costs being charged to the Company in late 2016 and the uncertainty of recovery, the costs were deferred once we received certainty of recovery. Recovery was not certain until the Company received approval for recovery of the cost in Order No. 26,091 [in the instant docket]. The closing of the calendar year does not preclude recovery of a prudently incurred cost in rates. The 2017 entry was not a reclassification entry. The entry was to record a regulatory asset that was expected to be recovered in rates. Going forward, all OCA and NHPUC Staff consultant costs incurred by the Company will be deferred as they are incurred for future recovery.

Audit Report at 7. Eversource referred to the transcript from the December 19, 2017, hearing, stating that it showed the Commission intended to limit the audit to whether the bills reported by the Commission were accurate. Eversource Response at 1-2. Based on that limited view of the scope of the review, Eversource made the procedural argument that if the Commission intended to adopt Staff’s recommendation, the Commission would have to amend the Order after notice and hearing, because Staff’s recommendation was contrary to the Commission directive. *Id.* at 3.

<sup>2</sup> Audit Staff also referred to RSA 365:37 (Expenses of Investigations), RSA 365:38 (Rate Proceeding), RSA 374:5-a, (Power to Hire Consultants), RSA 374:8, (Accounting Systems), RSA 374:14 (False Entries) and New Hampshire Code Admin Rules Puc 307:04, (Uniform Systems of Accounts), in support of its conclusion.

With respect to the substance of the audit, Eversource claimed that booking the consultant costs as an expense in 2016 instead of a deferral does nothing to change the fact that the expenses are consultant costs that can be recovered by Eversource. Eversource claimed that the Company's accounting treatment of the consultant costs was reasonable and appropriate and should have no bearing on recovery. *Id.*

#### **IV. COMMISSION ANALYSIS**

We reject Eversource's belief that the audit we directed was limited to whether the costs eligible for recovery were correct. In the Order, we stated explicitly that "the Company's *accounting treatment* of the consulting fees should be reviewed by Staff." Order at 5 (emphasis added). It is incontrovertible that the Audit Division's consideration of whether Eversource complied with FERC rules and the Uniform System of Accounts constitutes review of Eversource's "accounting treatment" of the consultant costs incurred and expensed in 2016.

For the same reason, we reject Eversource's argument that we must issue a notice and hold a hearing to amend the Order as a condition to accepting Staff's recommendation. It is clear that we intended for Staff's audit to include a review of the accounting treatment, which is precisely what Staff took into account in its review.

As to the Audit Report's conclusion that Eversource cannot defer what it has already expensed, Eversource appears to agree. In its response to the Audit Report, Eversource said that, in the future, it would defer – not expense – Staff and OCA consultant costs. What Eversource seems to be asking for now is an exception from the applicable accounting rules in this instance. Such an exception is not appropriate, and we require Eversource to adjust the amount of deferred consultant costs consistent with FERC accounting rules and the Audit Report.

**Based upon the foregoing, it is hereby**

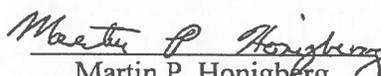
**ORDERED**, that Eversource adjust the amount of the deferred consultant cost down from \$430,569 to \$229,665; and it is

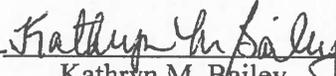
**FURTHER ORDERED**, that Eversource adjust the rate to recover \$229,665 in consultant costs in the rates assessed to customers beginning with rates for services rendered on and after April 1, 2018; and it is

**FURTHER ORDERED**, that Eversource return to customers the amount over-collected since January 1, 2018; and it is

**FURTHER ORDERED**, that Eversource make appropriate tariff filings in accordance with this Order within 20 days of April 1, 2018.

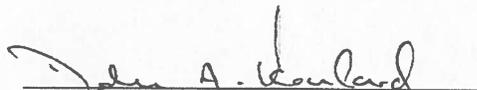
By order of the Public Utilities Commission of New Hampshire this second day of March, 2018.

  
Martin P. Honigberg  
Chairman

  
Kathryn M. Bailey  
Commissioner

  
Michael S. Giaimo  
Commissioner

Attested by:

  
Debra A. Howland  
Executive Director

**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.

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Docket #: 17-160-1 Printed: November 21, 2017

**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.

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

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
D/B/A EVERSOURCE ENERGY**

Docket No. DE 17-160

**MOTION FOR RECONSIDERATION**

NOW COMES Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or the “Company”) and, pursuant to Puc 203.05, Puc 203.07 and RSA chapter 541, hereby moves the New Hampshire Public Utilities Commission for reconsideration of Order No. 26,108 issued March 2, 2018 (the “Order”) in the instant proceeding relative to the disallowance of certain consultant costs incurred by the Staff and the Office of Consumer Advocate (“OCA”) and charged to Eversource. The Order overlooked relevant law, misapprehended the Company’s positions, creates an unjustified material difference between similarly situated utilities, and renders a decision that amounts to an unconstitutional taking of property. Accordingly, the Order should be reconsidered. In support of this submission, Eversource says the following:

1. Pursuant to RSA 541:3, the Commission may grant rehearing or reconsideration when a party states good reason for such relief. *Public Service Company of New Hampshire*, Order No. 25,361 (May 11, 2012) at 4. Good reason may be shown by identifying new evidence that could not have been presented in the underlying proceeding or by identifying specific matters that were overlooked or mistakenly conceived by the deciding tribunal. *Id.* at 4-5. A successful motion for rehearing does not merely reassert prior arguments and request a different outcome. *Id.* at 5. Eversource submits that for the reasons set out below, the Commission overlooked or mistakenly conceived important factual, legal, and policy matters in the Order and that reconsideration is therefore appropriate.

2. With respect to issues mistakenly conceived, in issuing the Order, the Commission concluded that Eversource “appeared to agree” with the Audit Report’s conclusion that the consultant costs that had been expensed could not later be deferred based upon Eversource’s statement in response to the audit that it would defer such expenses in the future. For clarity, Eversource’s agreement to defer such expenses in the future was not, and is not, agreement that the accounting treatment argued by the Commission’s Audit Staff was correct. As stated in Eversource’s response to the audit, and as included in the Order, Eversource’s position is that:

The closing of the calendar year does not preclude recovery of a prudently incurred cost in rates. The 2017 entry was not a reclassification entry. The entry was to record a regulatory asset that was expected to be recovered in rates.

Order No. 26,108 at 3. Eversource does not agree that its treatment of costs incurred by the Staff and the OCA, and charged to Eversource, was inappropriate or that to allow recovery creates “an exception from the applicable accounting rules.” *Id.* at 4. Eversource has agreed that it will act in a particular way in the future, but that does not mean that Eversource agreed it had acted inappropriately in the past. To the extent the Order concludes that Eversource is in agreement with the arguments of the Audit Staff, the Order misapprehends the facts.

3. Further to this point, the Audit Report at page 7, as quoted on page 3 of the Order, refers to FERC account 182 and states “The amounts included in this account are to be established by those charges which would have been included in net income, or accumulated other comprehensive income, determinations *in the current period under* the general requirements of the Uniform System of Accounts.” (emphasis in original). The reason for this quotation seems to be to support the contention that anything outside the “current period” may not be included in Account 182. Page 8 of the Audit Report contains the full excerpt of the relevant provision of FERC account 182, but the full provision was not referred to in the Order, despite being directly relevant to the issues here. That provision states, in full:

The amounts included in this account are to be established by those charges which would have been included in net income, or accumulated

other comprehensive income in the current period under the general requirements of the Uniform System of Accounts *but for it being probable that such items will be included in a different period(s) for purposes of developing rates that the utility is authorized to charge for its utility services.*

Audit Report at 8 (emphasis added). This provision indicates that amounts in Account 182 need not be entirely from the “current period” as seems to be argued by the Staff. Thus, Eversource did not, and does not, agree with the characterization of the treatment of the expense by the Staff as concluded in the Order.

4. As to matters overlooked, the Order overlooks both relevant facts and law. In its response to the Staff’s recommendation, Eversource pointed out that in Order No. 26,091 the Commission had authorized full recovery of the consultant costs through Eversource’s rates, and therefore the Staff’s recommendation was requesting that the Commission amend its prior order, which would require notice and a hearing as required by RSA 365:38. In the Order, the Commission states that it “rejects” that argument on the basis that it intended the audit to cover a wider path than Eversource believed appropriate. Order No. 26,091, however, did not make Eversource’s recovery of costs subject to the results of an audit. Therefore, rejecting Eversource’s contentions on the scope of the audit is not a basis for failing to comply with RSA 365:38.

5. Order No. 26,091 specifically provides that “Eversource’s petition to adjust its distribution rates to recover assessment costs and to recover costs incurred in connection with Commission proceedings is hereby APPROVED.” Order No. 26,091 at 6. Thus, recovery consistent with Eversource’s petition was approved and that approval was not conditioned upon any act or event. With respect to the accounting treatment, the Commission stated only “Finally, we agree that the Company’s accounting treatment of the consulting fees should be reviewed by Staff.” *Id.* at 5. While the “accounting treatment” was to be “reviewed,” at no point in Order No. 26,091 was recovery conditioned upon the outcome of this review. *Compare with, e.g., Re Concord Electric Company*, Order No. 23,359 (Dec. 6, 1999) at 3 (“FURTHER ORDERED, that UNTIL shall budget \$80,000 for program design, *subject to audit and possible refund if so warranted*”) (emphasis

added); and *Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities*, Order No. 26,005 (Apr. 12, 2017) (approving a settlement where recoupment of rate case expenses was specifically noted as being “subject to audit”). Making recovery contingent upon the audit represents a modification of Order No. 26,091, and Eversource is entitled to due process for such modification.

6. Additionally, in Eversource’s response to the Staff recommendation, it noted that RSA 363:28, III states that the Commission “shall” provide timely recovery of OCA consultant costs assessed against a utility, and that pursuant to RSA 365:38-a and Order No. 26,091, the Commission had authorized recovery of the Staff’s costs. Other than a single passing reference, neither statute is cited or discussed in the Order at all. The Order overlooks these relevant statutory provisions granting Eversource the right to recover expenses it did not initiate, but nonetheless was required by force of law to pay. By ignoring these provisions, the Commission is ignoring the legal requirement that Eversource be permitted to recover these expenses.<sup>1</sup> Regardless of the Staff’s disagreement with the treatment of costs at one time, recovery of those costs is not just permitted, such recovery is required by law. Contrary to the law, the Commission’s Order bars timely recovery of the special assessment it lodged against Eversource. The Order should be modified to comply with the law.

7. Furthermore, as noted in Eversource’s initial filing and in response to the Staff’s recommendation, the consultant costs in issue here are the same costs for which full recovery has been permitted for Unitil Energy Systems, without having been subject to any audit at all. *See* Order No. 26,007 (April 20, 2017) in Docket No. DE 16-384. The Order, however, overlooks this fact entirely. The “accounting treatment” by Unitil of these expenses appears never to have been examined by the Staff and appears not to have formed any part of any determination about the recovery of the expenses. It could be that Unitil

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<sup>1</sup> RSA 365:38-a: “the entire amount of the award *shall be immediately recovered by the utility*” (Emphasis added); RSA 363:28, III: “*The public utilities commission* shall charge a special assessment for any such amounts against any utility participating in such proceedings and *shall provide for the timely recovery of such amounts for the affected utility.*” (Emphasis added).

treated the expenses in precisely the same manner Eversource did, but that is entirely unknown. The Staff and the Commission make no effort to reconcile this disparate and unfair treatment of different utilities for the same expenses. “[I]n accordance with the United States Supreme Court, this State’s equal protection guarantee is essentially a direction that all persons similarly situated should be treated alike.” *Verizon New England, Inc. v. City of Rochester*, 151 N.H. 263, 270 (2004); N.H. CONST. pt. I, arts. 2, 12; U.S. CONST. amend. XIV. The Order does not explain why two utilities in the same state, seeking recovery of the same expenses, incurred by the same parties from the same consultants for the same purposes at the same time, should be treated differently. Relative to this issue, Unitil and Eversource are similarly situated, and should be treated alike by allowing recovery of the expenses assessed to them both. Failing to do so is contrary to Eversource’s rights under the State and Federal Constitutions.

8. Finally, denying recovery of the costs incurred by the Staff and OCA, but assessed against Eversource by the Commission, amounts to a taking under Part I, Article 12 of the State Constitution and the “takings clause” of the Fifth Amendment to the United States Constitution (“nor shall private property be taken for public use, without just compensation”). “[O]ur constitution is explicit that ‘no part of a man’s property shall be taken from him’ without due process and compensation.” *Appeal of Public Serv. Co. of N.H.*, 122 N.H. 1062, 1070 (1982). “Because the constitution prohibits any taking of private property by whatever means without compensation, the just compensation requirement applies whenever the exercise of the so-called police power results in a taking of property.” *Id.* (quotation omitted). “We see no greater right of the government to ‘take’ merely because a regulated utility is involved.” *Id.* at 1071. Similarly, the United States Supreme Court has held:

This power to regulate is not a power to destroy, and limitation is not the equivalent of confiscation. Under pretense of regulating fares and freights, the state cannot require a railroad corporation to carry persons or property without reward; neither can it do that which in law amounts to a taking of private property for public use without just compensation, or without due process of law.

*Stone v. Farmers' Loan & Tr. Co.*, 116 U.S. 307, 331, 6 S. Ct. 334, 345, 29 L. Ed. 636 (1886).

9. In this case, Eversource incurred an expense that was created by others, but which it was required, under force of law, to pay. "Utilities are required to pay consultant costs related to Commission investigations pursuant to RSA 365:37 and RSA 363:28, III." Order No. 26,108 at 1. Eversource's accounting treatment of that expense did not increase the expense, did not impose it upon those it should not have been, and did not alter the expense. The amount of the expenses incurred by the Staff and the OCA, and thus the potential burden on customers, was identical at all times. Eversource's treatment of the expense was neither illegal, nor contrary to proper accounting principles.<sup>2</sup> The expenses of the Staff and OCA were not included in any other rate or rate request and have not been somehow recovered elsewhere. In issuing the Order, the Commission is requiring Eversource to pay for expenses it did not initiate, and over which it has no control – expenses which it is entitled by law to recover – based upon the belief that one "accounting treatment" would have been better than another. Such belief is not a sufficient basis to conclude that Eversource must forego appropriate compensation, particularly in light of the Constitutional and statutory mandates that require recovery of those costs.

**WHEREFORE**, Eversource requests that the Commission reconsider Order No. 26,108 consistent with this motion and grant such further relief as may be just and equitable.

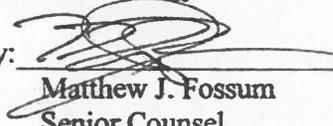
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<sup>2</sup> The Commission's Audit Staff makes a passing reference to RSA 374:14 regarding false entries on the books of utilities, which the Order refers to in footnote 2. Despite the insinuation that comes from this reference, there is no accusation, much less any evidence, that Eversource ever made any false entry on its books.

Respectfully submitted,

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

March 30, 2018  
Date

By: 

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**CERTIFICATE OF SERVICE**

I hereby certify that, on the date written below, I caused the attached to be served pursuant to N.H. Code Admin. Rule Puc 203.11.

March 30, 2018  
Date

  
Matthew J. Fossum

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

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

**Docket No. DE 17-160**

**Petition for Recovery of Annual Assessment and Consultant Costs**

**OBJECTION OF STAFF TO EVERSOURCE'S MOTION FOR RECONSIDERATION**

NOW COMES Commission Staff (Staff), a party in this docket, and objects to the Motion for Reconsideration submitted by Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) seeking reconsideration of Order No. 26,108 issued March 2, 2018 (Order) in the instant proceeding relative to the disallowance of certain consultant costs incurred by the Staff and the Office of Consumer Advocate (OCA) and charged to Eversource. In support of this objection, Staff states as follows:

1. In Order No. 26,091 (December 27, 2017), the Commission directed the Commission's Audit Division to review the accounting treatment of the subject consultant costs. Staff filed the resulting Audit Report on January 30, 2018. In connection with its audit, the Audit Division verified that Eversource had expensed certain consultant costs to account 928, "Regulatory Commission Expenses," during 2016 and 2017.

2. The Audit Report explained that the 2016 consulting expenses cannot be included within the deferral, because they were included in the 2016 income statements as expense and the books had been closed for a year. Consequently, Audit Staff concluded that \$200,904 of consulting costs should be excluded from any recovery.

3. Audit Staff noted that Eversource must comply with Federal Energy Regulatory Commission (FERC) rules regarding the amount qualified to be posted in FERC account 182

“Other Regulatory Assets.” The Audit Report provided the relevant text of the FERC Uniform Systems of Accounts on page 8 of the Audit Report.

4. Based on the Audit Report, Staff recommended that Eversource be denied recovery of \$200,904 that had been expensed by Eversource, consistent with the finding of the Audit Report. A copy of the Audit Report was attached to the recommendation.

5. On February 6, 2018, Eversource filed a response to Staff’s recommendation. In brief, it made the following argument:

- Audit Staff was limited by the Order to reviewing only whether the amounts of the bills were correct, and exceeded its mandate by making a finding on Eversource’s *accounting treatment* of the 2016 and 2017 consultant costs. (Emphasis added)
- Order No. 26,091 authorized “full recovery” of the Staff and consultant costs
- The Commission may only adopt Staff’s recommendation to disallow a portion of the consultant costs after notice and hearing.
- The booking of the costs has nothing to do with the nature of the expenses.
- The timing of the costs and uncertain recovery made it appropriate to book the costs as they were booked.
- RSA 363:28, III permits recovery of the costs.
- Unitil Energy Systems, Inc. (Unitil) received full recovery of the costs.

6. Order No. 26,108 (March 2, 2018), the Commission rejected Eversource’s argument that Staff’s audit was limited to the tallying of numbers, but expressly included the review of the accounting treatment of the consultant fees and stated that “[it] is incontrovertible that the Audit Division’s consideration of whether Eversource complied with FERC rules and the Uniform

System of Accounts constitutes review of Eversource's 'accounting treatment' of the consultant costs incurred and expensed in 2016." Order No. 26,108 at 4.

7. The Commission also rejected Eversource's procedural argument that an order of notice should have preceded the Commission's ruling in Order No. 26,108.

8. Finally, the Commission said that based on Eversource's statement that it would appropriately defer such expenses in the future, Eversource seemed to be asking for an exception from FERC accounting rules in this particular instance. *Id.* The Commission ordered Eversource to make the appropriate adjustment to its rates.

9. In its Motion for Reconsideration, Eversource recites the standard for reconsideration and argues that the Commission "overlooked or mistakenly conceived important factual, legal, and policy matters in the Order" that merit reconsideration. Motion for Reconsideration at 1.

10. A summary of the argument follows:

- Eversource's agreement to defer such costs in the future does not constitute agreement that Eversource acted inappropriately in this instance.
- Order No. 26,091 granted Eversource full recovery and did not specify that it was subject to audit and possible refund. Consequently, the Order was not clear and Eversource should be entitled to "due process" for any modification of the Order.
- The Commission did not consider RSA 363:28, III and the statute's mandate for timely recovery of consultant costs.
- Unitil was allowed to recover consultant costs in Docket No. DE 16-384.
- The denial of recovery amounts to a taking under the N.H. Constitution.

11. At the outset, what the Commission approves or does not approve for other utilities does not have any bearing on whether or not Eversource should recover expensed amounts in the

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instant case. The only facts that are relevant are those related to Eversource's accounting treatment of the consultant costs. The Commission's disregard of Eversource's argument about decisions made in connection with Unitil's rate proceeding is not factually connected in any way to the instant docket, and is not a "mistaken understanding" of the facts.

12. Pursuant to RSA 374:18, the Commission may direct the examination of a utility's books and records, and Order No. 26,091 directed Staff to audit the consultant costs. Eversource's argument that it would not have to comply with the resulting audit without specific language in the ordering clause would mean that such audits are meaningless exercises by Staff and are not conducted for the benefit of assuring that ratepayers pay just and reasonable rates. The Commission did not exceed its authority by requiring Eversource to comply with audit results.

13. In addition, at hearing, Staff had the following exchange with Eversource's witness:

(Staff) Okay. Thank you. With respect to the consultant costs, is the Company agreeable to having those costs audited by the Staff?

(Christopher Goulding for Eversource) A. Yes, we are.

(Staff) Q. And in the event that there were any changes that would require a reconciliation to findings from the audit, the Company would be willing to make that adjustment? (emphasis added)

(Mr. Goulding) A. Yes. (emphasis added)

(Staff) Q. Thank you. (Source: Hearing Transcript at 15).

The Commission rightly concluded, based on this exchange where the witness was under oath, that Eversource clearly understood that there could be some results from the audit with which it would need to comply. Furthermore, Eversource expressly agreed that it would comply with the audit results. For Eversource to now claim in a motion for reconsideration that the Order should have specific language to that effect, or an additional hearing, to direct Eversource to conform to

audit findings, is confounding at best. There is no mistake that the Commission clearly expected that Eversource would comply with the audit findings as Eversource represented at hearing.

14. The argument that the Commission ignored the requirements of RSA 363:28, III is similarly confusing as the Commission allowed recovery of consultant costs according to the time frames requested by Eversource in its petition. Eversource determined the timing of the filing of the petition, and requested recovery to begin with rates effective January 1, 2018. That request was granted by the Commission, subject to the outcome of the audit. Based on the foregoing, one can only assume that Eversource considered the recovery of these costs beginning with rates effective January 1, 2018 as "timely recovery" because Eversource could have filed this petition at some earlier point in time. This claim does not support Eversource's argument that the Commission mistakenly conceived the law. It does call into question why Eversource considers the Commission's approval of its petition according to the time frames requested by Eversource as resulting in untimely recovery, but that is an inquiry that need not be made to conclude that the argument has no merit.

15. Eversource appears to misinterpret the FERC description of account 182, emphasized in its motion for reconsideration, regarding the statement "but for it being probable that such items will be included in different period(s) for purposes of developing rates that the utility is authorized to charge for its utility services." Staff understands the statement to indicate that if an expense item in the current period is anticipated to be recovered in a future period, then that expense item can be booked instead to the deferred account 182. Items expensed during the closing of the financial records in prior years cannot be recreated for inclusion in the deferred account. Again, Staff argues that the Commission did not overlook or mistakenly conceive any factual, legal or policy matter that would lead to a different result than the disallowance ordered

- 6 -

in Order No. 26,108. The Commission noted that Eversource seemed to agree that the accounting treatment recommended by Audit Staff is the correct procedure going forward, and it was reasonable to do so because the Commission agreed with Audit Staff's application of the FERC accounting rules to the consultant costs. Staff maintains that the Commission's conclusion is not mistaken.

16. All of the foregoing Staff arguments demonstrate that the disallowance recommended by Staff and approved by the Commission is not an unconstitutional taking. Eversource had its hearing before the Commission, and made its argument concerning the merits of its claim. To argue that it was denied due process, appropriate notice, and an opportunity to make its argument in support of its position that a taking was made "under pretense" is not an argument supported by the record. The Commission has the statutory authority to order the audit and the duty to assure that ratepayers are assessed just and reasonable rates. The disallowance in this instance relative to consultant costs is confined to the amounts that were recorded in a manner contrary to FERC accounting rules. The Commission did not mistakenly interpret its authority and responsibility under New Hampshire law.

Based on the foregoing, Staff respectfully requests that the Commission deny Eversource's motion for reconsideration.

Respectfully submitted,



Suzanne G. Amidon, Staff Counsel  
New Hampshire Public Utilities Commission  
21 South Fruit Street Suite 10  
Concord, New Hampshire 03301

STATE OF NEW HAMPSHIRE

CONSUMER ADVOCATE  
D. Maurice Kreis

ASSISTANT CONSUMER ADVOCATE  
Pradip K. Chattopadhyay



TDD Access: Relay NH  
1-800-735-2964  
Tel. (603) 271-1172  
Website:  
[www.oca.nh.gov](http://www.oca.nh.gov)

OFFICE OF CONSUMER ADVOCATE

21 S. Fruit St., Suite 18  
Concord, NH 03301-2441

9 APR '18 4:37

April 9, 2018

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 17-160  
Public Service Company of New Hampshire  
Motion for Reconsideration

Dear Ms. Howland:

Please treat this letter as the response of the Office of the Consumer Advocate (OCA) to the pending motion of Public Service Company of New Hampshire (PSNH) for rehearing of Order No. 26,108, entered in the above-referenced docket on March 2, 2018.

As you know, this docket concerns the request of PSNH for recovery of certain consulting costs incurred by the Staff of the Commission as well as the OCA in connection with the Commission's grid modernization and net metering proceedings. With respect to the OCA, the costs were incurred pursuant to a contract approved by Governor & Council as well as the Fiscal Committee of the General Court. *See* RSA 363:28, III (providing that in such circumstances, the Commission "shall charge a special assessment for such amounts against any utility participating in such proceedings and shall provide for the timely recovery of such amounts for the affected utility"). The OCA did not oppose the PSNH petition, which the Commission approved after hearing via Order No. 26,091 (December 27, 2017).

The ensuing dispute concerns the amount to be recovered. Order No. 26,108 reduced the recoverable amount from \$430,569 to \$229,665 in light of an audit conducted by Staff of the expenses in question. Rough math would suggest this wipes out about half of the \$0.00017 per kilowatt-hour distribution rate increase referenced on the first page of the initial order. In quest of approximately eight thousandths of a cent per kilowatt-hour, PSNH advances several billion-dollar arguments: Due Process, Equal Protection, and the Takings Clause of the Fifth Amendment to the U.S. Constitution (which precludes confiscatory rates).

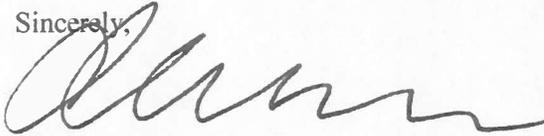
For the reasons ably stated by Staff in its Objection to the PSNH motion, which the OCA hereby joins, the arguments advanced by PSNH are devoid of merit. This is not a constitutional crisis.

Rather, it is an example of a utility seeking to ignore clear and well-established accounting rules by including in a 2017 deferral – the basis of the requested rate recovery -- expenses that were actually incurred in 2016.

The OCA is submitting this letter in an effort to make clear that it is not the intention of our office ever to make utility shareholders responsible for consulting costs incurred by our office. We deliver value exclusively to residential customers and, therefore, it is appropriate for customers to pay these costs either via regular assessment (RSA 363-A) (routinely included in utility revenue requirements) or via special assessment (RSA 363:28, III). We believe the Legislature to have enshrined this principle in the two referenced statutes. However, these enactments – including the Legislature’s use of the phrase “shall provide for. . . timely recovery” in the latter – do not mean utilities are free to disregard the accounting rules that apply to rate mechanisms.

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

Sincerely,

A handwritten signature in black ink, appearing to read "D. Maurice Kreis". The signature is fluid and cursive, with a long horizontal stroke at the end.

D. Maurice Kreis  
Consumer Advocate

cc: Service List

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 17-160**

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

**Motion for Reconsideration of Order No. 26,108**

**Order Denying Motion**

**ORDER NO. 26,127**

**May 1, 2018**

In this order, the Commission denies Eversource's motion to reconsider Order No. 26,108, which denied Eversource recovery of \$200,904 in consultant costs that Eversource expensed in 2016 and then sought to include in a 2017 deferral.

**I. PROCEDURAL HISTORY**

This matter arises out of a request by Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) to recover, among other things, certain consultant costs incurred by Commission Staff (Staff) and the Office of the Consumer Advocate (OCA) and paid by Eversource, in connection with Commission investigations. Order No. 26,091 (December 27, 2017) approved some recovery through rates, subject to the results of an audit to be conducted by the Commission's Audit Division.

Staff filed the Audit Division's Report (Report) on January 30, 2018. In sum, the Report concluded that Eversource did not defer \$200,904 in 2016 consultant costs as required by Federal Energy Regulatory Commission (FERC) accounting rules, and instead treated those costs as an expense. As a result, Audit Staff recommended that the Commission find that \$200,904 is ineligible for recovery as a deferral. Eversource responded to Staff's recommendation on February 6, 2018.

Eversource maintained that it should be allowed recovery of the disputed amount and disagreed with Audit Staff's conclusion that it had not followed the correct accounting practice.

The Commission adopted Audit Staff's recommendation in Order No. 26,108 (March 2, 2018) (Order). Eversource filed a timely Motion for Reconsideration. Staff and the OCA objected.

The orders, motions, objections, and other documents in this matter, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2017/17-160.html>.

## II. POSITIONS OF THE PARTIES AND STAFF

### A. Eversource

In its Motion for Reconsideration, Eversource claimed that the Commission "overlooked or mistakenly conceived important factual, legal, and policy matters in the Order, and that reconsideration is therefore appropriate." Motion at 1. First, Eversource claimed that the Commission mistakenly concluded that Eversource agreed with the Audit report's conclusion that the consultant costs that had been expensed could not later be deferred based on Eversource's comment that it would defer such expenses in the future. *Id.* at 2. Eversource said it did not agree that its treatment of costs was inappropriate and that the accounting treatment of the consultant costs was consistent with FERC accounting rules. *Id.* at 2-3.

Eversource also argued that Order No. 26,091 authorized Eversource full recovery of the consultant costs and that before the Commission could order Eversource to comply with the Audit Report, the Commission should have issued a separate order of notice and conducted another hearing. Because the Commission did not take such action, Eversource argued that the Commission failed to

comply with RSA 365:28.<sup>1</sup> *Id.* at 3. Consistent with this argument, Eversource asserted that for Eversource to understand that the Company would have to comply with the Audit Report, the Commission should have included specific ordering language in Order No. 26,091 to that effect. *Id.*

Eversource next referred to RSA 363:28, III, which provides that the Commission shall allow for the timely recovery of expenses such as consultant costs. According to Eversource, the Order is contrary to that statute. *Id.* at 4. In addition, Eversource claims that Unitil Energy Systems, Inc. (Unitil), was allowed to recover similar consultant costs without a similar examination by the Commission's Audit Staff. *Id.* Finally, Eversource claims that the Order requiring Eversource to comply with the Audit Report constitutes a taking under Part I, Article 12, of the State Constitution and of the Fifth Amendment of the United States Constitution. *Id.* at 5.

#### **B. OCA**

According to the OCA, Eversource's motion asks the Commission to "ignore clear and well-established accounting rules by including in a 2017 deferral—the basis of the requested rate recovery—expenses that were actually incurred in 2016." *Id.* at 2.

The Consumer Advocate agrees that RSA 363:28, III, allows the Commission to permit utilities to use a special assessment to recover expenses such as consulting costs incurred by Staff and the OCA, but the provision "does not mean utilities are free to disregard the accounting rules that apply to rate mechanisms." *Id.* The Consumer Advocate also agreed with Staff's arguments for opposing the motion. *Id.* at 1.

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<sup>1</sup> Eversource's Motion cites the statute as "RSA 365:38" which is a statute related to rate proceedings. We assume this was a typographical error and Eversource meant to cite RSA 365:28, the statute that provides requirements for the Commission to modify one of its prior orders.

### **C. Staff**

Staff said that Eversource's arguments have no merit. First, Staff argued that whether the Commission approves or disapproves recovery of certain costs for other utilities is irrelevant to Eversource's accounting treatment of consultant costs in this docket. Staff's Objection at 3-4.

Staff pointed out that the Commission has plenary authority under RSA 374:18 to examine the books and records of any utility. In this case, the Commission directed Audit Staff to examine Eversource's accounting of the consultant costs and required Eversource to comply with the results of this audit. In addition, Staff noted that, at the hearing, Eversource's witness testified that the Company would comply with the audit results. In addition, Staff observed that Order No. 26,091 specifically said that Staff would review Eversource's accounting treatment of consultant's expenses. According to Staff, to now allow Eversource to ignore the results of the audit would render such audits meaningless. *Id.* at 4-5. Staff also argued that no additional order language, or supplemental notice, was required to direct Eversource to comply with the audit because Eversource testified that it would comply with the audit results. *Id.* at 4-5.

Staff reaffirmed that the Audit Report appropriately interpreted the FERC accounting rules regarding deferred accounts, and that the Commission was correct in directing compliance with the audit results. *Id.* at 5-6. The audit report referenced FERC account 182.3 which states "[t]he amounts included in this account are to be established by those charges which would have been included in net income, or accumulated other comprehensive income, determinations in the current period under the general requirements of the Uniform System of Accounts," and emphasized that recording amounts to be deferred for recovery must be properly recorded in the current year, not the subsequent year.

Finally, Staff said that Eversource did not present any evidence to support its argument that the Company was denied due process, appropriate notice, or an opportunity to argue its position. Staff

concluded that the Commission did not mistakenly interpret its authority and responsibility under New Hampshire law, and that the Commission should deny the motion for reconsideration.

### III. COMMISSION ANALYSIS

RSA 541:3 provides that rehearing or reconsideration of an order may be granted when a party states good reason for such relief. Good reason may be shown by identifying new evidence that could not have been presented in the underlying proceeding or by identifying specific matters that could not have been presented in the underlying proceeding, or that were overlooked or mistakenly conceived by the deciding tribunal. *See Public Service Company of New Hampshire*, Order No. 25,361 at 4-5 (May 11, 2012). To prevail, a party filing a motion for reconsideration should not merely reassert prior argument and request a different outcome. *Id.* at 5. Having reviewed Eversource's argument and the arguments of the Staff and Consumer Advocate, we find that Eversource failed to meet its burden.

In its motion, Eversource did not present any facts that were "mistakenly conceived" by the Commission. In its February 6, 2018, response to Staff's recommendation, Eversource referred to Unitil's recovery of consultant costs in connection with its most recent distribution rate case. *See Unitil Energy Systems, Inc.*, Order No. 26,007 (April 20, 2017). We did not consider this argument because Unitil's recovery of the costs has no bearing on Eversource's failure to properly account for the recovery of the consultant costs incurred in 2016. This argument is irrelevant and has no merit.

We also disagree with Eversource's argument that we "mistakenly" relied on the results of Staff's Audit Report. Eversource is the largest public utility in the State of New Hampshire, and given its affiliates it is the largest utility in New England. We expect all utilities, particularly large utilities such as Eversource which has experienced employees, to be familiar with all regulatory requirements, including general accounting rules and those promulgated by FERC. We do not consider the failure to record a regulatory asset in the proper account to be good utility practice. Eversource's comment in

response to page 7 of the Audit report did not dispute Staff's interpretation of the FERC accounting rules. The comment, in part, says "the costs were deferred once we received certainty of recovery."

The fact is the costs should have been booked in the deferral account in 2016 when the costs were incurred. Eversource's argument ignores that basic fact. We include the rule governing FERC account 182.3 below in its entirety.

### 182.3 Other Regulatory Assets

A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies. (See Definition No. 30.)

B. The amounts included in this account are to be established by those charges which would have been included in net income, or accumulated other comprehensive income, determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that such items will be included in a different period(s) for purposes of developing rates that the utility is authorized to charge for its utility services. When specific identification of the particular source of a regulatory asset cannot be made, such as in plant phase-ins, rate moderation plans, or rate levelization plans, account 407.4, regulatory credits, shall be credited. The amounts recorded in this account are generally to be charged, concurrently with the recovery of the amounts in rates, to the same account that would have been charged if included in income when incurred, except all regulatory assets established through the use of account 407.4 shall be charged to account 407.3, regulatory debits, concurrent with the recovery in rates.

C. If rate recovery of all or part of an amount included in this account is disallowed, the disallowed amount shall be charged to Account 426.5, Other Deductions, or Account 435, Extraordinary Deductions, in the year of the disallowance.

D. The records supporting the entries to this account shall be kept so that the utility can furnish full information as to the nature and amount of each regulatory asset included in this account, including justification for inclusion of such amounts in this account.

Finally, we previously ruled that a supplemental order of notice and hearing on this issue was not required. *See* Order No. 26,108 at 4. Eversource at hearing testified that it would comply with the results of the Audit Report. We find that we gave Eversource adequate notice and an opportunity to be

DE 17-160

- 7 -

heard with respect to the Audit Report, and that we made no mistake of law in reaching our decision that Staff's Audit Report is correct and that Eversource must comply with its conclusion.

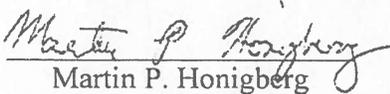
Given the fact that Eversource booked the consultant costs as an expense, we find no merit in the Company's claim that its constitutional rights were violated.

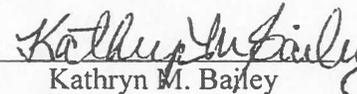
**Based upon the foregoing, it is hereby**

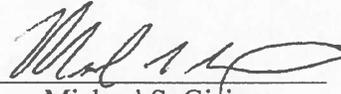
**ORDERED**, Eversource's Motion for Reconsideration is hereby DENIED; and it is

**FURTHER ORDERED**, that Eversource shall comply with Commission Order No. 26,108 and adjust rates to reflect the disallowance as ordered herein.

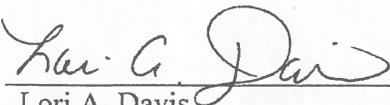
By order of the Public Utilities Commission of New Hampshire this first day of May, 2018.

  
Martin P. Honigberg  
Chairman

  
Kathryn M. Bailey  
Commissioner

  
Michael S. Gianno  
Commissioner

Attested by:

  
Lori A. Davis  
Assistant Secretary

**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  
amanda.noonan@puc.nh.gov  
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donald.kreis@oca.nh.gov  
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tom.frantz@puc.nh.gov

Docket #: 17-160-1 Printed: May 02, 2018

**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  
EXECUTIVE 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.

## CONSTITUTIONAL PROVISIONS

### New Hampshire Constitution – Part I, Article 2

**[Art.] 2. [Natural Rights.]** All men have certain natural, essential, and inherent rights among which are, the enjoying and defending life and liberty; acquiring, possessing, and protecting, property; and, in a word, of seeking and obtaining happiness. Equality of rights under the law shall not be denied or abridged by this state on account of race, creed, color, sex or national origin

## **New Hampshire Constitution – Part I, Article 12**

**[Art.] 12. [Protection and Taxation Reciprocal.]** Every member of the community has a right to be protected by it, in the enjoyment of his life, liberty, and property; he is therefore bound to contribute his share in the expense of such protection, and to yield his personal service when necessary. But no part of a man's property shall be taken from him, or applied to public uses, without his own consent, or that of the representative body of the people. Nor are the inhabitants of this State controllable by any other laws than those to which they, or their representative body, have given their consent.

**United States Constitution – Amendment V**

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation

## **United States Constitution – Amendment XIV**

### **Section 1.**

All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

### **Section 2.**

Representatives shall be apportioned among the several States according to their respective numbers, counting the whole number of persons in each State, excluding Indians not taxed. But when the right to vote at any election for the choice of electors for President and Vice-President of the United States, Representatives in Congress, the Executive and Judicial officers of a State, or the members of the Legislature thereof, is denied to any of the male inhabitants of such State, being twenty-one years of age, and citizens of the United States, or in any way abridged, except for participation in rebellion, or other crime, the basis of representation therein shall be reduced in the proportion which the number of such male citizens shall bear to the whole number of male citizens twenty-one years of age in such State.

### **Section 3.**

No person shall be a Senator or Representative in Congress, or elector of President and Vice-President, or hold any office, civil or military, under the United States, or under any State, who, having previously taken an oath, as a member of Congress, or as an officer of the United States, or as a member of any State legislature, or as an executive or judicial officer of any State, to support the Constitution of the United States, shall have engaged in insurrection or rebellion against the same, or given aid or comfort to the enemies thereof. But Congress may by a vote of two-thirds of each House, remove such disability.

### **Section 4.**

The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties for services in suppressing insurrection or rebellion, shall not be questioned. But neither the United States nor any State shall assume or pay any debt or obligation incurred in aid of insurrection or rebellion against the United States, or any claim for the loss or emancipation of any slave; but all such debts, obligations and claims shall be held illegal and void.

### **Section 5.**

The Congress shall have the power to enforce, by appropriate legislation, the provisions of this article.

## NEW HAMPSHIRE STATUTORY PROVISIONS

### Section 363:28

#### **363:28 Office of the Consumer Advocate. –**

I. The office of the consumer advocate shall be an independent agency administratively attached to the public utilities commission pursuant to RSA 21-G:10. The office shall consist of the following:

(a) A consumer advocate, appointed by the governor and council, who shall be a qualified attorney admitted to practice in this state. The consumer advocate shall serve a 4-year term and until a successor is appointed and qualified.

(b) An assistant consumer advocate appointed by the consumer advocate, who shall be a full-time classified employee.

(c) A secretary appointed by the consumer advocate.

(d) Two additional staff people appointed by the consumer advocate. When filling these positions, the consumer advocate should consider appointing rate analysts or economists.

II. Except as pertains to any end user of an excepted local exchange carrier or services provided to such end user, the consumer advocate shall have the power and duty to petition for, initiate, appear or intervene in any proceeding concerning rates, charges, tariffs, and consumer services before any board, commission, agency, court, or regulatory body in which the interests of residential utility consumers are involved and to represent the interests of such residential utility consumers.

III. The consumer advocate shall have authority to contract for outside consultants within the limits of funds available to the office. With the approval of the fiscal committee of the general court and the governor and council, the office of the consumer advocate may employ experts to assist it in proceedings before the public utilities commission, and may pay them reasonable compensation. The public utilities commission shall charge a special assessment for any such amounts against any utility participating in such proceedings and shall provide for the timely recovery of such amounts for the affected utility.

IV. The consumer advocate shall have authority to promote and further consumer knowledge and education.

V. The consumer advocate shall publicize the Link-Up New Hampshire and Lifeline Telephone Assistance programs in order to increase public awareness and utilization of these programs.

VI. The filing party shall provide the consumer advocate with copies of all confidential information filed with the public utilities commission in adjudicative proceedings in which the consumer advocate is a participating party and the consumer advocate shall maintain the confidentiality of such information.

### **Section 365:28**

**365:28 Altering Orders.** – At any time after the making and entry thereof, the commission may, after notice and hearing, alter, amend, suspend, annul, set aside, or otherwise modify any order made by it. This hearing shall not be required when any prior order made by the commission was made under a provision of law that did not require a hearing and a hearing was, in fact, not held.

## Section 365:37

### **365:37 Expense of Investigations. –**

I. Whenever any investigation shall be necessary to enable the commission to pass upon any petition for authority to issue stocks, bonds, notes, or other evidence of indebtedness, for authority to operate as a public utility or to expand operations as a public utility, to make extensions into new territory, to discontinue service, to condemn property for flowage rights and dam construction, or for authority to sell, consolidate, merge, transfer, or lease the plant, works, or system of any public utility, or any part of the same, or for any other matter which requires the commission's approval, the petitioner shall pay to the commission the expense involved in the investigation of the matters covered by said petition, including the amounts expended for experts, accountants, or other assistants. Such expense shall not include any part of the salaries or expenses of the commissioners or of employees of the commission or, unless the proceeding is being conducted pursuant to RSA 38, the fees of experts testifying as to values in condemnation proceedings.

II. Whenever the commission institutes a proceeding, or when more than one utility subject to the jurisdiction of the commission shall be involved in a proceeding in which the commission requires the assistance of experts, accountants or other assistants, regardless of whether they petitioned the commission in the first instance, the commission may assess the costs of experts, accountants or other assistants hired by the commission against the utilities and any other parties to the proceeding. The commission shall not, however, assess any such costs against the office of the consumer advocate or against any voluntary corporation, not-for-profit organization, or any municipality unless the municipality is involved in a proceeding before the commission pursuant to RSA 38. In the case of a utility, the assessment of those costs shall be based on the annual revenues of the participating utilities in the same manner as issued in assessing the annual operating expenses of the commission, or as appropriate and equitable on a case by case basis. In the case of a party who is not a utility, the assessment of those costs shall be as appropriate and equitable on a case by case basis. Such expenses shall not include any part of the salaries or expenses of the commissioners or of employees of the commission or, unless the proceeding is being conducted pursuant to RSA 38, the fees of experts testifying as to values in condemnation proceedings.

III. For investigations or proceedings involving the acquisition, merger, transfer, sale, or lease of the works or system of a public utility, the commission shall not enter into a contract with experts, accountants, or other assistants in an amount greater than \$250,000, including any contract extension, without the approval of the governor and council. For all other investigations or proceedings, the commission shall not enter into a contract with experts, accountants, or other assistants in an amount greater than \$100,000, including any contract extension, without the approval of governor and council.

### **Section 365:38-a**

**365:38-a Proceeding Costs.** – The commission may allow recovery of costs associated with utility proceedings before the commission, provided that recovery of costs for utilities and other parties shall be just and reasonable and in the public interest. For purposes of this section, other parties shall be defined as retail customers that are subject to the rates of the utility and who demonstrate financial hardship; other parties shall not include New Hampshire municipalities. Recovery by other parties shall be deemed to be in the public interest when, in any commission proceeding, the other party substantially contributes to the adoption by the commission, in whole or in part, of a position advocated by the other party in that proceeding, or in a judicial review of that proceeding. Another party shall not recover more than \$10,000 from any utility for any single proceeding. The commission may allow recovery of less than \$10,000 depending upon the scope of the proceeding. The utility shall pay the other party an award of costs if such award is granted by the commission in accordance with the procedures and requirements of the commission and the award is subsequently approved by the governor and council. The utility shall not be liable for any award of costs except in accordance with the procedures and requirements of the commission. If the commission proceeding involves more than one utility, the liability of each utility for the award shall be determined by dividing the amount of the award among the utilities in a manner approved by the commission. If an award of costs is granted in a proceeding involving a change in a utility's rates, the entire amount of the award shall be recovered by the utility in that proceeding. If an award of costs is granted in a proceeding other than one involving a change in a utility's rates, the entire amount of the award shall be immediately recovered by the utility through measures approved on a timely basis by the commission.



780 N. Commercial Street  
P.O. Box 330  
Manchester, NH 03105-0330

**Matthew J. Fossum**  
Senior Counsel

603-634-2961  
matthew.fossum@eversource.com

October 20, 2017

Debra Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301-2429

RE: Docket No. DE 17-XXX  
Public Service Company of New Hampshire d/b/a Eversource Energy

Petition for Recovery of Annual Assessment and Consultant Costs

Dear Director Howland:

Enclosed please find the Petition for Recovery of Annual Assessment and Consultant Costs submitted by Public Service Company of New Hampshire d/b/a Eversource Energy. Accompanying the petition is the testimony and exhibits of Christopher J. Goulding supporting the Company's request.

If you have any questions, please do not hesitate to contact me. Thank you for your assistance with this matter.

Very truly yours,

A handwritten signature in black ink, appearing to be "Matthew J. Fossum", written over a faint, circular stamp or watermark.

**Matthew J. Fossum**  
Senior Counsel

Enclosure  
CC: OCA

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

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
D/B/A EVERSOURCE ENERGY**

Docket No. DE 17-XXX

**PETITION FOR RECOVERY OF ANNUAL ASSESSMENT AND CONSULTANT  
COSTS**

Pursuant to Puc 202.01(a) and Puc 203.06, Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or “the Company”) hereby petitions the New Hampshire Public Utilities Commission (“Commission”) for an adjustment to its distribution rates to permit recovery of the costs associated with the change in Eversource’s share of the Commission’s assessment, and with Eversource’s share of certain consultant costs of the Commission Staff and the Office of Consumer Advocate (“OCA”). In support of its Petition, Eversource says the following:

1. With respect to assessment costs, pursuant to RSA chapter 363-A Eversource is responsible for a share of the Commission’s annual expenses. In 2014, RSA chapter 363-A was amended to provide that the amounts assessed to utilities such as Eversource are recoverable through distribution rates. *See* RSA 363-A:6, I. Following the amendment to RSA chapter 363-A, Eversource petitioned to recover the then-current (fiscal year 2015) level of its assessment through its distribution rates. *See generally* Docket No. DE 14-347. That petition was approved by Order No. 25,743 (December 29, 2014). Despite minor fluctuations in the amount of the assessment, Eversource’s distribution rates have not been adjusted to account for any change in the assessment since that time.

2. In fiscal year 2018, the amount of assessment costs billed to Eversource increased significantly over that presently included in Eversource’s rates. In fiscal year 2016, the assessment amount was approximately \$48,000 lower than the prior year, and in fiscal year 2017 was approximately \$86,000 higher resulting in a total deviation from the

amount in Eversource's rates of approximately \$58,000, which Eversource believed was sufficiently immaterial that it did not justify seeking an adjustment to distribution rates. For fiscal year 2018, however, the assessment is approximately \$874,000 higher than the amount presently recovered through Eversource's rates. Accordingly, Eversource hereby petitions the Commission for an adjustment to its distribution rates to recover the increased assessment expense pursuant to RSA 363-A:6.

3. Enclosed with this petition are the pre-filed testimony, attachments and exhibits of Christopher J. Goulding supporting the requested change to Eversource's distribution rates to account for the change in the amount of the assessment. Consistent with RSA 363-A:6, and Order No. 25,743, the enclosed material supports adjusting Eversource's distribution rates to recover the increased assessment level, taking into account the various adjustments that have occurred since the last change authorized at the end of 2014.

4. Regarding the consultant costs, in Docket No. IR 15-296 relating to grid modernization and Docket No. DE 16-576 relating to net metering, the Commission Staff and/or OCA retained consulting services to enable their participation in those proceedings. Pursuant to RSA 365:37, II the Commission is permitted to assess the expenses of experts its retains to the utilities in New Hampshire, and pursuant to RSA 363:28, III, the expert expenses of the OCA may likewise be assessed to utilities. For each kind of expenses, utilities are permitted timely recovery of those expenses. *See* RSA 365:38-a and RSA 363:28, III.

5. Through this petition, Eversource seeks approval to adjust its distribution rates coincident with the adjustment for the Commission assessment, to recover the expenses incurred by OCA and Staff from 2016 to present from the above-referenced proceedings.<sup>1</sup> As specified in the enclosed testimony and attachments, the costs associated with the consultants in the grid modernization proceeding total \$140,000 and the costs associated

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<sup>1</sup> This request is consistent with the essentially identical expenses for which cost recovery was recently authorized for Unitil Energy Systems, Inc. in its distribution rate case in Docket No. DE 16-384. *See* Order No. 26,007 (April 20, 2017).

with the net metering proceeding total \$291,000, for a grand total of \$431,000. The combined change to distribution rates resulting from both of the above changes would be, on average, an increase of \$0.017 per kwh.

WHEREFORE, Eversource respectfully requests that the Commission grant this petition and request, and order such further relief as may be just and equitable.

Respectfully submitted this 20<sup>th</sup> day of October, 2017.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A  
EVERSOURCE ENERGY**

By:   
\_\_\_\_\_  
Matthew J. Fossum  
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Public Service Company of New Hampshire d/b/a Eversource Energy  
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603-634-2961  
Matthew.Fossum@eversource.com

**THE STATE OF NEW HAMPSHIRE**  
**BEFORE THE PUBLIC UTILITIES COMMISSION**  
**PREPARED TESTIMONY OF CHRISTOPHER J. GOULDING**  
**REQUEST FOR RECOVERY OF**  
**ANNUAL ASSESSMENT CHANGE AND PROCEEDING COSTS**  
**Docket No. DE 17-xxx**

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1 **Q. Please state your name, business address and position.**

2 A. My name is Christopher J. Goulding. My business address is 780 North Commercial  
3 Street, Manchester, NH. I am employed by Eversource Energy Service Company as the  
4 Manager of New Hampshire Revenue Requirements and in that position I provide service  
5 to Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource”  
6 or the “Company”).

7 **Q. Have you previously testified before the Commission?**

8 A. Yes, on numerous occasions.

9 **Q. What are your current responsibilities?**

10 A. I am currently responsible for the coordination and implementation of revenue  
11 requirements calculations for Eversource, as well as the filings associated with  
12 Eversource’s Energy Service (“ES”) rate, Stranded Cost Recovery Charge (“SCRC”),  
13 Transmission Cost Adjustment Mechanism (“TCAM”), and Alternate Default Energy  
14 (“ADE”) rate.

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to seek the approval of an adjustment to Eversource's  
3 distribution rates effective January 1, 2018 to account for two items: 1) an increase in the  
4 assessment expenses of the Commission over the level currently included in rates; and 2)  
5 costs incurred for the Commission Staff and Office of Consumer Advocate ("OCA")  
6 consultants in two dockets (DE 15-296 Grid Mod and DE 16-576 Net Metering) that  
7 were initiated by the passage of laws in 2015 and 2016. This testimony describes the  
8 costs being sought for recovery, the amount of such costs, the proposed method of cost  
9 recovery, and the resulting rate impacts necessary to recover the costs.

10 **Q. Can you please briefly describe the contents of Attachment CJG-1?**

11 A. Attachment CJG-1 provides an overview of the average distribution rate impact  
12 associated with the two proposed changes to the distribution rates as well as detailed  
13 calculations of the request for an increase in the assessment recovery, proceeding costs  
14 recovery, and the change to the individual distribution rates.

15 **Q. Can you please provide detail supporting your request for recovery of costs  
16 associated with the Commission's assessment through distribution rates?**

17 A. Yes. Senate Bill 324, which became effective July 1, 2014, amended RSA chapter 363-A  
18 and, among other things, shifted the manner in which utilities are assessed to recover the  
19 expenses of the Commission. In addition to changing the manner of the assessment itself,

1 the bill also changed the manner by which public utilities recover the annual assessment

2 costs from customers. Specifically, the law states:

3 Assessment amounts determined with reference to the revenues of  
4 competitive electric power suppliers and all assessments against  
5 regulated electric distribution utilities and electric cooperatives for  
6 which a certificate of deregulation is on file with the commission  
7 shall be collected from electric customers through the distribution  
8 rates of the respective electric distribution utility or rural electric  
9 cooperative for which a certificate of deregulation is on file with  
10 the commission; provided that an amount equal to the amount  
11 assessed directly to a competitive electric power supplier under  
12 RSA 363-A:2, III shall be collected from the energy service or  
13 default service customers of each electric distribution utility or  
14 rural electric cooperative for which a certificate of deregulation is  
15 on file with the commission.

16 RSA 363-A:6, I. The law further provides that the Commission “shall by order establish  
17 rate recovery mechanisms” for recovering the assessed amounts, and that such  
18 mechanisms “shall adjust annually to recover any change in a utility’s annual  
19 assessment.” RSA 363-A:6, III.

20 **Q. Did Eversource adjust its distribution rates after passage of the law?**

21 A. Yes. In Docket No. DE 14-347, Eversource submitted a filing that was approved by  
22 Order No. 25,743 (December 29, 2014) that incorporated a Commission assessment level  
23 in distribution rates of \$4.149 million and \$10 thousand in energy service rates and  
24 removed any recovery of assessments from the Transmission Cost Adjustment  
25 Mechanism (“TCAM”). Also, while Eversource noted that future changes to the  
26 distribution rates to account for assessments might occur through an annual adjustment

1 mechanism, it did not propose one at that time. As a result, in its order the Commission  
2 stated that:

3 With respect to the request in the Petition that the Commission establish a  
4 reconciling process that would adjust annually to recover any change in  
5 PSNH's annual assessment, the Commission agrees with Staff that  
6 establishing such a process or mechanism at this time would be premature.  
7 The Company has not proposed a specific reconciling or adjustment  
8 mechanism for the Commission's consideration. The rate adjustment issue  
9 will not be relevant until after the new assessment invoice is issued next  
10 year, and the Company anticipates that the effect of any change in the  
11 assessment amount might not be significant enough to support a rate  
12 change proposal. The Commission therefore declines to establish an  
13 annually-adjusting rate recovery mechanism at this time, and instead  
14 directs the Company to file a rate adjustment proposal if and when it seeks  
15 to increase or decrease its distribution rates based on changes in the  
16 amount of the assessment under RSA 363-A.

17 Order No. 25,743 at 6. Consistent with that final sentence, Eversource is now filing the  
18 anticipated rate adjustment proposal.

19 **Q. Regarding assessment costs, why is Eversource seeking a change to base distribution  
20 rates for 2018 and did not previously seek annual changes in 2016 or 2017?**

21 A. As had been anticipated in 2014, the changes in the level of assessment had not  
22 previously been significant enough to justify a rate adjustment proposal. The change in  
23 the assessment for fiscal Year 2018 is an increase of \$874 thousand over the level  
24 established in Docketed No. DE 14-347. For fiscal year 2016 and fiscal year 2017, the  
25 changes were relatively minor with fiscal year 2016 being \$48 thousand lower than the  
26 amount established in DE 14-347, and fiscal year 2017 being \$86 thousand higher than  
27 the amount established in DE 14-347. Combining the 3 years' assessments together for a  
28 single rate change results in a total increase in the assessment amount at this time of \$912

1 thousand over the amount previously included in Eversource's rates as calculated on  
2 Attachment CJG-1, page 2.

3 **Q. Is Eversource proposing a separate tracking mechanism for the assessment costs at**  
4 **this time?**

5 A. Not at this time. As noted in 2014, in that the assessment recovery mechanism is to be  
6 adjusted annually, it would likely make sense to establish a reconciling mechanism that  
7 would address these costs without requiring adjustments to Eversource's base distribution  
8 rates and Eversource may propose to establish a separate reconciling mechanism for  
9 assessment costs, or other appropriate costs, as part of its next distribution rate case. At  
10 this time, however, for administrative ease Eversource is proposing only to amend its  
11 base distribution rates as shown in the attachments. In Order No. 25,743, the  
12 Commission concluded that the current manner of collecting assessment costs is a just  
13 and reasonable means of compliance with the requirements of the Commission  
14 assessment statute, RSA 363-A, and Eversource seeks to continue that same method for  
15 now.

16 **Q. Can you please provide detail supporting your request for recovery of costs**  
17 **associated with PUC proceeding consultant costs incurred by Staff and OCA and**  
18 **billed to the Company?**

19 A. Eversource is seeking recovery of Staff's and OCA's consultant costs related to Docket  
20 No. DE 15-296 (Grid Mod) and Docket No. DE 16-576 (Net Metering) under RSA  
21 365:37, II, RSA 365:38-a, and RSA363:28, III, which state:

1           **365:37, II.** – Whenever the commission institutes a proceeding, or when more than one  
2           utility subject to the jurisdiction of the commission shall be involved in a  
3           proceeding in which the commission requires the assistance of experts,  
4           accountants or other assistants, regardless of whether they petitioned the  
5           commission in the first instance, the commission may assess the costs of experts,  
6           accountants or other assistants hired by the commission against the utilities and  
7           any other parties to the proceeding. The commission shall not, however, assess  
8           any such costs against the office of the consumer advocate or against any  
9           voluntary corporation, not-for-profit organization, or any municipality unless the  
10          municipality is involved in a proceeding before the commission pursuant to RSA  
11          38. In the case of a utility, the assessment of those costs shall be based on the  
12          annual revenues of the participating utilities in the same manner as issued in  
13          assessing the annual operating expenses of the commission, or as appropriate and  
14          equitable on a case by case basis. In the case of a party who is not a utility, the  
15          assessment of those costs shall be as appropriate and equitable on a case by case  
16          basis. Such expenses shall not include any part of the salaries or expenses of the  
17          commissioners or of employees of the commission or, unless the proceeding is  
18          being conducted pursuant to RSA 38, the fees of experts testifying as to values in  
19          condemnation proceedings.

20          **365:38-a Proceeding Costs.** – The commission may allow recovery of costs associated  
21          with utility proceedings before the commission, provided that recovery of costs  
22          for utilities and other parties shall be just and reasonable and in the public interest.  
23          . . . If an award of costs is granted in a proceeding involving a change in a utility's  
24          rates, the entire amount of the award shall be recovered by the utility in that  
25          proceeding. If an award of costs is granted in a proceeding other than one  
26          involving a change in a utility's rates, the entire amount of the award shall be  
27          immediately recovered by the utility through measures approved on a timely basis  
28          by the commission.

29          **363:28, III.** – The consumer advocate shall have authority to contract for outside  
30          consultants within the limits of funds available to the office. With the approval of  
31          the fiscal committee of the general court and the governor and council, the office  
32          of the consumer advocate may employ experts to assist it in proceedings before  
33          the public utilities commission, and may pay them reasonable compensation. The  
34          public utilities commission shall charge a special assessment for any such  
35          amounts against any utility participating in such proceedings and shall provide for  
36          the timely recovery of such amounts for the affected utility.

1 **Q. Can you please provide additional detail on the consultant costs included in this**  
2 **request?**

3 A. Eversource is seeking recovery of consultant expenses incurred by OCA and Staff from  
4 2016 to present that have been invoiced to Eversource related to the Grid Mod and Net  
5 Metering dockets that both concluded in 2017. The costs associated with Staff and OCA  
6 consultants in the Grid Mod docket total \$140 thousand and the similar costs associated  
7 with the Net Metering docket total \$291 thousand, for a grand total of \$431 thousand.  
8 The supporting detail for the amounts can be found on Attachment CJG-1, page 3.

9 **Q. Is recovery of these costs just and reasonable?**

10 A. Yes. The costs were incurred as a result of the work of the Staff and OCA consultants  
11 and charged to the various utilities. On April 20, 2017 in Order No. 26,007 in Docket  
12 No. DE 16-384 relating to Unitil Energy Systems Inc.'s rate case, the Commission  
13 approved, as just and reasonable, a settlement agreement permitting Unitil to recover the  
14 portion of the Staff and OCA consultant costs charged to Unitil from the Grid Mod and  
15 Net Metering proceedings. Through this submission Eversource is seeking to recover the  
16 same costs already permitted for Unitil.

17 **Q. Over what period is the Company proposing to recover the consultant costs?**

18 A. Eversource is proposing that the consultant costs be recovered over the one year period of  
19 January 1 through December 31, 2018. At the end of 2018, barring any change to the

1 manner of recovery in that time, Eversource would adjust its distribution rates to remove  
2 the consultant costs.

3 **Q. What is the net impact of the proposed changes to the average distribution rates?**

4 A. Effective January 1, 2018, the inclusion of changes relating to both items covered in this  
5 submission results in an increase to the average distribution rate of \$0.017 per kWh  
6 consistent with the calculation on Attachment CJG-1, page 1. The rate impacts specific  
7 to each rate class are included on Attachment CJG-1, page 4.

8 **Q. Does the Company require Commission approval of this rate change by a specific  
9 date?**

10 A. Yes, it does. To implement the new rate for service rendered on or after January 1, 2018,  
11 Eversource would need final approval of the change to distribution rates no later than  
12 Wednesday, December 27, 2017.

13 **Q. Does this conclude your testimony?**

14 A. Yes, it does.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY  
JANUARY 1, 2018 AVERAGE DISTRIBUTION RATE CHANGE**

<b>Line</b>	<b>Description</b>	<b>Total</b>	<b>Component Avg Rate Impact</b>	<b>Source</b>
1	NHPUC Assessment	\$ 911,624	0.012	CJG-1, Page 2 Line 5
2	Proceeding Costs	430,569	0.005	CJG-1, Page 3 Line 40
3	Total Revenue Requirements	\$ 1,342,193		Line 1 + Line 2
4	Forecasted MWh (January 2018 to December 2018)	7,847,816		Company Forecast
5	<b>Average Distribution Adjustment (cents per kWh)</b>	<b>0.017</b>		Line 3 / Line 4 / 10

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY  
 JANUARY 1, 2018 DISTRIBUTION CHANGE DUE FOR NHPUC ASSESSMENT CHANGE**

Line	Description	Distribution	Energy Service	TCAM	Total	(Over) / Under Recovery	Comment
1	FY 2015 Assessment Level	\$ 4,148,785	\$ 10,000	\$ -	\$ 4,158,785	\$ -	Docket No. DE 14-347 Order #25,743
2	FY 2016 Assessment Level	\$ 4,101,005	\$ 10,000	\$ -	4,111,005	(47,780)	
3	FY 2017 Assessment Level	\$ 4,234,441	\$ 10,000	\$ -	4,244,441	85,656	
4	FY 2018 Assessment Level	\$ 5,022,533	\$ 10,000	\$ -	5,032,533	873,748	
5	Total Assessment Adjustment Amount					<u>911,624</u>	Line 1 + Line 2 + Line 3 + Line 4

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY  
JANUARY 1, 2018 DISTRIBUTION CHANGE DUE FOR PROCEEDING CONSULTANT EXPENSES**

Line	Docket No.	Docket Description	Vendor Name	Invoice Date	Invoice #	Invoice Amount
1	DE 15-296	Grid Mod	Raab Associates	05/10/2016	11709	\$ 4,869
2	DE 15-296	Grid Mod	Synapse Energy Economics	05/10/2016	11712	4,615
3	DE 15-296	Grid Mod	Raab Associates	05/17/2016	11716	8,952
4	DE 15-296	Grid Mod	Synapse Energy Economics	05/18/2016	11719	5,698
5	DE 15-296	Grid Mod	Synapse Energy Economics	06/16/2016	11726	6,500
6	DE 15-296	Grid Mod	Raab Associates	06/16/2016	11723	9,213
7	DE 15-296	Grid Mod	Synapse Energy Economics	07/18/2016	11735	5,325
8	DE 15-296	Grid Mod	Raab Associates	07/18/2016	11732	10,452
9	DE 15-296	Grid Mod	Raab Associates	08/15/2016	11740	3,128
10	DE 15-296	Grid Mod	Synapse Energy Economics	08/24/2016	11747	633
11	DE 15-296	Grid Mod	Raab Associates	09/15/2016	11751	3,025
12	DE 15-296	Grid Mod	Synapse Energy Economics	09/26/2016	11759	814
13	DE 15-296	Grid Mod	Raab Associates	10/10/2016	11763	7,959
14	DE 15-296	Grid Mod	Synapse Energy Economics	10/21/2016	11774	6,008
15	DE 15-296	Grid Mod	Raab Associates	11/14/2016	11785	7,423
16	DE 15-296	Grid Mod	Synapse Energy Economics	11/14/2016	11788	3,891
17	DE 15-296	Grid Mod	Raab Associates	12/14/2016	11804	7,477
18	DE 15-296	Grid Mod	Synapse Energy Economics	12/22/2016	11810	3,267
19	DE 15-296	Grid Mod	Raab Associates	01/03/2017	11815	7,319
20	DE 15-296	Grid Mod	Synapse Energy Economics	01/20/2017	11823	4,253
21	DE 15-296	Grid Mod	Raab Associates	02/08/2017	11827	6,310
22	DE 15-296	Grid Mod	Synapse Energy Economics	02/27/2017	11844	3,858
23	DE 15-296	Grid Mod	Synapse Energy Economics	04/05/2017	11859	4,932
24	DE 15-296	Grid Mod	Synapse Energy Economics	04/21/2017	11875	3,179
25	DE 15-296	Grid Mod	Raab Associates	05/04/2017	11883	9,892
26	DE 15-296	Grid Mod	Raab Associates	05/11/2017	11888	545
27	DE 16-576	Net Metering	DayMark Energy Advisors	09/19/2016	11754	22,648
28	DE 16-576	Net Metering	DayMark Energy Advisors	10/19/2016	11769	18,397
29	DE 16-576	Net Metering	Strategen Consulting	11/15/2016	11791	40,549
30	DE 16-576	Net Metering	DayMark Energy Advisors	11/28/2016	11796	20,061
31	DE 16-576	Net Metering	DayMark Energy Advisors	12/21/2016	11807	56,068
32	DE 16-576	Net Metering	DayMark Energy Advisors	01/19/2017	11820	43,162
33	DE 16-576	Net Metering	DayMark Energy Advisors	02/23/2017	11840	21,739
34	DE 16-576	Net Metering	DayMark Energy Advisors	03/10/2017	11849	9,455
35	DE 16-576	Net Metering	Strategen Consulting	03/22/2017	11855	12,910
36	DE 16-576	Net Metering	Strategen Consulting	04/21/2017	11872	4,866
37	DE 16-576	Net Metering	Strategen Consulting	05/12/2017	11891	1,577
38	DE 16-576	Net Metering	DayMark Energy Advisors	05/25/2017	11895	25,224
39	DE 16-576	Net Metering	Strategen Consulting	07/13/2017	11908	14,372
<b>40</b>	<b>Total Grid Mod &amp; Net Metering Proceeding Costs</b>					<b>\$ 430,569</b>

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY**

Docket No. DE 17-xxx

Calculation of Monthly Distribution Rates for Effect January 1, 2018

Dated 10/20/2017

Reflecting an Average Adjustment of 0.017 cents/kWh

Attachment CJG-1

Page 4 of 5

**Average distribution revenue levels (cents/kWh)**

Current (07/01/2017) revenue level based on 2014 billing determinants	4.351
NHPUC Assessment adjustment (from Attachment CJG-1, Page 1, Lines 1)	0.012
Proceeding Expense adjustment (from Attachment CJG-1, Page 1, Line 2)	0.005

<u>Rate Schedule</u>	<u>Charge</u>	(1) Current Rates Effective 07/01/2017	(2) Adjustment for NHPUC Assessment	(3) Adjustment for Proceeding Expenses	(4) Proposed Rates For Effect 01/01/2018
Residential Rate R	Customer charge	\$ 12.64	\$ 0.03	\$ 0.02	\$ 12.69
	All KWH	\$ 0.04125	\$ 0.0001	\$ 0.00005	\$ 0.04141
Uncontrolled Water Heating	Meter charge	\$ 4.45	\$ 0.01	\$ 0.01	\$ 4.47
	All KWH	\$ 0.02022	\$ 0.0001	\$ 0.00003	\$ 0.02030
Controlled Water Heating	Meter charge	\$ 7.85	\$ 0.02	\$ 0.01	\$ 7.88
	All KWH	\$ 0.00120	\$ 0.0000	\$ 0.00000	\$ 0.00120
Residential Rate R-OTOD	Customer charge	\$ 29.35	\$ 0.08	\$ 0.04	\$ 29.47
	On-peak KWH	\$ 0.13183	\$ 0.0004	\$ 0.00017	\$ 0.13235
	Off-peak KWH	\$ 0.00192	\$ 0.0000	\$ 0.00000	\$ 0.00193
General Service Rate G	Single phase customer charge	\$ 14.83	\$ 0.04	\$ 0.02	\$ 14.89
	Three phase customer charge	\$ 29.64	\$ 0.08	\$ 0.04	\$ 29.76
	Load charge (over 5 KW)	\$ 8.69	\$ 0.02	\$ 0.01	\$ 8.72
	First 500 KWH	\$ 0.06959	\$ 0.0002	\$ 0.00009	\$ 0.06986
	Next 1,000 KWH	\$ 0.01724	\$ 0.0000	\$ 0.00002	\$ 0.01731
	All additional KWH	\$ 0.00610	\$ 0.0000	\$ 0.00001	\$ 0.00612
Space Heating	Meter charge	\$ 2.97	\$ 0.01	\$ 0.00	\$ 2.98
	All KWH	\$ 0.03413	\$ 0.0001	\$ 0.00004	\$ 0.03426
General Service Rate G-OTOD	Single phase customer charge	\$ 38.42	\$ 0.10	\$ 0.05	\$ 38.57
	Three phase customer charge	\$ 54.90	\$ 0.15	\$ 0.07	\$ 55.12
	Load charge	\$ 12.10	\$ 0.03	\$ 0.02	\$ 12.15
	On-peak KWH	\$ 0.04882	\$ 0.0001	\$ 0.00006	\$ 0.04901
	Off-peak KWH	\$ 0.00765	\$ 0.0000	\$ 0.00001	\$ 0.00768
Load Controlled Service Rate LCS	Radio-controlled option	\$ 9.07	\$ 0.02	\$ 0.01	\$ 9.11
	8, 10 or 11-hour option	\$ 7.85	\$ 0.02	\$ 0.01	\$ 7.88
	Switch option	\$ 9.07	\$ 0.02	\$ 0.01	\$ 9.11
	Radio-controlled option (all KWH)	\$ 0.00120	\$ 0.0000	\$ 0.00000	\$ 0.00120
	8-hour option (all KWH)	\$ 0.00120	\$ 0.0000	\$ 0.00000	\$ 0.00120
	10 or 11-hour option (all KWH)	\$ 0.02438	\$ 0.0001	\$ 0.00003	\$ 0.02448
Primary General Service Rate GV	Customer charge	\$ 193.27	\$ 0.52	\$ 0.24	\$ 194.03
	First 100 KW	\$ 5.56	\$ 0.01	\$ 0.01	\$ 5.58
	All additional KW	\$ 5.32	\$ 0.01	\$ 0.01	\$ 5.34
	First 200,000 KWH	\$ 0.00604	\$ 0.0000	\$ 0.00001	\$ 0.00606
	All additional KWH	\$ 0.00507	\$ 0.0000	\$ 0.00001	\$ 0.00509
Large General Service Rate LG	Customer charge	\$ 604.10	\$ 1.61	\$ 0.76	\$ 606.47
	Demand charge	\$ 4.73	\$ 0.01	\$ 0.01	\$ 4.75
	On-peak KWH	\$ 0.00506	\$ 0.0000	\$ 0.00001	\$ 0.00508
	Off-peak KWH	\$ 0.00427	\$ 0.0000	\$ 0.00001	\$ 0.00429
Backup Service Rate B	Administrative charge	\$ 340.50	\$ 0.91	\$ 0.43	\$ 341.84
	Translation charge	\$ 57.12	\$ 0.15	\$ 0.07	\$ 57.34
	Demand charge*	\$ 4.46	\$ 0.01	\$ 0.01	\$ 4.48
	All KWH*		(the energy charges contained in the Standard Rate)		

Notes:

Column (2): Rates in Column (1) X (0.012/4.351)

Column (3): Rates in Column (1) X (0.005/4.351)

Column (4): Column (1) + Column (2) + Column (3). Amounts may not total due to rounding.

\* These charges do not apply to customers who take service at 115,000 volts or higher.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY**

**Calculation of Monthly Distribution Rates for Effect January 1, 2018**

**Reflecting an Average Adjustment of 0.017 cents/kWh**

<u>Rate Schedule</u>	<u>Charge</u>	(1) Current Rates Effective 07/01/2017	(2) Adjustment for NHPUC Assessment	(3) Adjustment for Proceeding Expenses	(4) Proposed Rates For Effect 01/01/2018
Outdoor Lighting Rate OL	High Pressure Sodium 4,000 L	\$ 15.77	\$ 0.04	\$ 0.02	\$ 15.83
	High Pressure Sodium 5,800 L	\$ 15.77	\$ 0.04	\$ 0.02	\$ 15.83
	High Pressure Sodium 9,500 L	\$ 20.97	\$ 0.06	\$ 0.03	\$ 21.05
	High Pressure Sodium 16,000 L	\$ 29.65	\$ 0.08	\$ 0.04	\$ 29.77
	High Pressure Sodium 30,000 L	\$ 30.39	\$ 0.08	\$ 0.04	\$ 30.51
	High Pressure Sodium 50,000 L	\$ 30.73	\$ 0.08	\$ 0.04	\$ 30.85
	High Pressure Sodium 130,000 L	\$ 49.32	\$ 0.13	\$ 0.06	\$ 49.51
	High Pressure Sodium 12,000 L	\$ 21.68	\$ 0.06	\$ 0.03	\$ 21.77
	High Pressure Sodium 34,200 L	\$ 27.76	\$ 0.07	\$ 0.04	\$ 27.87
	Mercury 3,500 L	\$ 13.91	\$ 0.04	\$ 0.02	\$ 13.96
	Mercury 7,000 L	\$ 16.73	\$ 0.04	\$ 0.02	\$ 16.80
	Mercury 11,000 L	\$ 20.69	\$ 0.06	\$ 0.03	\$ 20.77
	Mercury 20,000 L	\$ 25.55	\$ 0.07	\$ 0.03	\$ 25.65
	Mercury 56,000 L	\$ 40.61	\$ 0.11	\$ 0.05	\$ 40.77
	Mercury 15,000 L	\$ 23.67	\$ 0.06	\$ 0.03	\$ 23.76
	Metal Halide 5,000 L	\$ 16.45	\$ 0.04	\$ 0.02	\$ 16.51
	Metal Halide 8,000 L	\$ 22.51	\$ 0.06	\$ 0.03	\$ 22.60
	Metal Halide 13,000 L	\$ 30.89	\$ 0.08	\$ 0.04	\$ 31.01
	Metal Halide 13,500 L	\$ 31.55	\$ 0.08	\$ 0.04	\$ 31.67
	Metal Halide 20,000 L	\$ 31.55	\$ 0.08	\$ 0.04	\$ 31.67
	Metal Halide 36,000 L	\$ 31.83	\$ 0.08	\$ 0.04	\$ 31.96
	Metal Halide 100,000 L	\$ 47.72	\$ 0.13	\$ 0.06	\$ 47.91
	Incandescent 600 L	\$ 9.08	\$ 0.02	\$ 0.01	\$ 9.12
	Incandescent 1,000 L	\$ 10.14	\$ 0.03	\$ 0.01	\$ 10.18
	Incandescent 2,500 L	\$ 13.01	\$ 0.03	\$ 0.02	\$ 13.06
	Incandescent 6,000 L	\$ 22.35	\$ 0.06	\$ 0.03	\$ 22.44
	Fluorescent 20,000 L	\$ 34.65	\$ 0.09	\$ 0.04	\$ 34.79
	Outdoor Lighting Rate EOL	High Pressure Sodium 4,000 L	\$ 8.39	\$ 0.02	\$ 0.01
High Pressure Sodium 5,800 L		\$ 8.39	\$ 0.02	\$ 0.01	\$ 8.42
High Pressure Sodium 9,500 L		\$ 10.32	\$ 0.03	\$ 0.01	\$ 10.36
High Pressure Sodium 16,000 L		\$ 11.35	\$ 0.03	\$ 0.01	\$ 11.39
High Pressure Sodium 30,000 L		\$ 11.35	\$ 0.03	\$ 0.01	\$ 11.39
High Pressure Sodium 50,000 L		\$ 11.71	\$ 0.03	\$ 0.01	\$ 11.76
High Pressure Sodium 130,000 L		\$ 22.23	\$ 0.06	\$ 0.03	\$ 22.32
Metal Halide 5,000 L		\$ 8.72	\$ 0.02	\$ 0.01	\$ 8.75
Metal Halide 8,000 L		\$ 11.52	\$ 0.03	\$ 0.01	\$ 11.57
Metal Halide 13,000 L		\$ 12.30	\$ 0.03	\$ 0.02	\$ 12.35
Metal Halide 13,500 L		\$ 12.95	\$ 0.03	\$ 0.02	\$ 13.00
Metal Halide 20,000 L		\$ 13.17	\$ 0.04	\$ 0.02	\$ 13.22
Metal Halide 36,000 L		\$ 13.54	\$ 0.04	\$ 0.02	\$ 13.59
Metal Halide 100,000 L		\$ 24.12	\$ 0.06	\$ 0.03	\$ 24.21
LED's and other approved technologies					
Per fixture		\$ 3.36	\$ 0.01	\$ 0.00	\$ 3.37
Per watt		\$ 0.0511	\$ 0.0001	\$ 0.0001	\$ 0.0513

Notes:

Column (2): Rates in Column (1) X (0.012/4.351)

Column (3): Rates in Column (1) X (0.005/4.351)

Column (4): Column (1) + Column (2) + Column (3). Amounts may not total due to rounding.

11/21/17

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

**DE 17-160**

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

**Petition for Recovery of Annual Assessment and Consultant Costs**

**ORDER OF NOTICE**

On October 20, 2017, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed a petition for recovery of annual assessment and consultant costs. The petition requests an adjustment to its distribution rates to recover such costs for effect with service rendered on and after January 1, 2018.

Pursuant to RSA 363-A, the Commission bills, or assesses, Eversource for a portion of the Commission's annual expenses, and Eversource recovers the costs of the assessment from ratepayers through its distribution rates. In Order No. 25,743 (Dec. 29, 2014), the Commission approved the rate by which Eversource would recover the adjusted assessment costs for fiscal year 2015. Despite minor fluctuations in the amount of the assessment, Eversource's distribution rates have not been adjusted to account for any change in the assessment since that time. For fiscal year 2018, the assessment is approximately \$874,000 higher than the amount presently recovered, and Eversource seeks through this petition approval to adjust distribution rates to recover the full costs of the assessment. Eversource proposes to increase distribution rates by 0.012 cents per kilowatt hour (kWh) to recover assessment costs.

Eversource is also seeking recovery of certain consultant costs incurred by the Office of Consumer Advocate and Commission Staff from 2016 to the present that have been invoiced to Eversource in the Grid Modernization and Net Metering Dockets (Docket Nos. IR 15-296 and

11/21/17  
DE 17-160

- 2 -

DE 16-567, respectively). The two proceedings concluded in 2017. According to Eversource, the costs associated with the Grid Modernization docket total \$140,000, and similar costs associated with the New Metering docket totals \$291,000, for a combined sum of \$431,000. Eversource is proposing that the consultant costs be recovered over a one year period beginning January 1, 2018 at a rate of 0.005 cents per kWh (kWh). If approved the result would be an increase in distribution rates of 0.017 cents per kWh, effective with services rendered on and after January 1, 2018.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at [www.puc.nh.gov](http://www.puc.nh.gov).

The filing raises, *inter alia*, issues related to whether the calculation of assessment and consultant costs is accurate, and whether the resulting rates are just and reasonable pursuant to RSA 378:5 and 7, and RSA 374:1. Each party has the right to have an attorney represent the party at the party's own expense.

**Based upon the foregoing, it is hereby**

**ORDERED**, that a Hearing, pursuant to N.H. Code Admin. Rules Puc 203.12, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on December 19, 2017 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15; and it is

**FURTHER ORDERED**, that pursuant to N.H. Code Admin. Rules Puc 203.12, Eversource shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than November 30, 2017, in a newspaper with general circulation in

11/21/17  
DE 17-160

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those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before December 15, 2017; and it is

**FURTHER ORDERED**, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Eversource and the Office of the Consumer Advocate on or before December 5, 2018, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, consistent with N.H. Code Admin. Rule Puc 203.17; and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said Objection on or before December 19, 2017.

By order of the Public Utilities Commission of New Hampshire this twenty-first day of November, 2017.



Debra A. Howland  
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

**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  
amanda.noonan@puc.nh.gov  
christopher.goulding@eversource.com  
donald.kreis@oca.nh.gov  
leszek.stachow@puc.nh.gov  
matthew.fossum@eversource.com  
ocalitigation@oca.nh.gov  
richard.chagnon@puc.nh.gov  
suzanne.amidon@puc.nh.gov  
tom.frantz@puc.nh.gov

Docket #: 17-160-1 Printed: November 21, 2017

**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.

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**STATE OF NEW HAMPSHIRE**  
**PUBLIC UTILITIES COMMISSION**

**December 19, 2017 - 10:07 a.m.**  
Concord, New Hampshire

9 JAN '18 PM 1:03

**RE: DE 17-160**  
**EVERSOURCE ENERGY:**  
**Petition for Recovery of Annual**  
**Assessment and Consultant Costs.**

**PRESENT:** Chairman Martin P. Honigberg, Presiding  
Commissioner Kathryn M. Bailey  
Commissioner Michael S. Giaimo

Jody Carmody, Clerk

**APPEARANCES:** **Reptg. Public Service Company of**  
**New Hampshire d/b/a Eversource Energy:**  
Matthew J. Fossum, Esq.

**Reptg. Residential Ratepayers:**  
D. Maurice Kreis, Esq., Consumer Adv.  
Office of Consumer Advocate

**Reptg. PUC Staff:**  
Suzanne G. Amidon, Esq.  
Richard Chagnon, Electric Division

**Court Reporter:** Steven E. Patnaude, LCR No. 52

**CERTIFIED**  
**ORIGINAL TRANSCRIPT**

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**I N D E X**

**PAGE NO.**

**WITNESS: CHRISTOPHER J. GOULDING**

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**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Petition for Recovery of Annual Assessment and Consultant Costs, including Prepared Testimony of Christopher J. Goulding, with attachments (10-20-17)	5
2	Eversource Energy Comparison of Current and Proposed Residential Rate R (3 pages)	5

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**P R O C E E D I N G**

CHAIRMAN HONIGBERG: Good morning, everyone. We're here, we're going to be doing three hearings back-to-back. I believe the first one is in DE 17-160, which is Eversource's Petition to Recover Assessment and Consultant Costs.

Before we do anything else, let's take appearances.

MR. FOSSUM: Good morning, Commissioners. Matthew Fossum, here for Public Service Company of New Hampshire doing business as Eversource Energy.

MR. KREIS: Good morning, Mr. Chairman. I'm D. Maurice Kreis, the Consumer Advocate, doing business on behalf of New England Patriots fans, Boston Red Sox fans, and all other residential utility customers.

CHAIRMAN HONIGBERG: You forgot the Celtics and Bruins.

MR. KREIS: Ah. I stand corrected.

MS. AMIDON: I always wondered why it wasn't the "Keltics"?

Suzanne Amidon, for Commission Staff,

1 and with me today is Rich Chagnon, who is an  
2 Analyst in the Electric Division.

3 CHAIRMAN HONIGBERG: All right. How  
4 are we going to proceed this morning?

5 Mr. Fossum.

6 MR. FOSSUM: As you've noted, we're  
7 going to start with 17-160. We have one  
8 witness for that. And we would begin by having  
9 him take the stand.

10 While he's doing that, I'll note  
11 we've had premarked for identification the  
12 Company's October 20th filing as "Exhibit 1.  
13 And the exhibit that's typically referred to as  
14 the "bingo sheet" would be "Exhibit 2",  
15 premarked for identification. And a copy of  
16 which has been provided to each of you, I  
17 believe.

18 (The documents, as described,  
19 were herewith marked as  
20 **Exhibit 1** and **Exhibit 2**,  
21 respectively, for  
22 identification.)

23 CHAIRMAN HONIGBERG: Mr. Patnaude.

24 (Whereupon **Christopher J.**

1                    **Goulding** was duly sworn by the  
2                    Court Reporter.)

3                    CHAIRMAN HONIGBERG: Mr. Fossum.

4                    MR. FOSSUM: Thank you.

5                    **CHRISTOPHER J. GOULDING, SWORN**

6                    **DIRECT EXAMINATION**

7 BY MR. FOSSUM:

8 Q Mr. Goulding, could you please state your name,  
9 your place of employment, and your  
10 responsibilities for the record.

11 A Yes. My name is Christopher Goulding. I'm  
12 employed by Eversource Energy Company, at 780  
13 North Commercial Street, in Manchester. My  
14 position is Manager of New Hampshire Revenue  
15 Requirements.

16 Q And, Mr. Goulding, back on October 20th, did  
17 you submit prefiled testimony in this  
18 proceeding?

19 A Yes, I did.

20 Q And was that testimony prepared by you or at  
21 your direction?

22 A Yes, it was.

23 Q And do you have any changes or updates or  
24 corrections to that testimony this morning?

1 A Yes, I do.

2 Q Would you please explain what that correction  
3 is?

4 A Sure. On Bates Page 011 of the testimony,  
5 Line 5, it says "submission results in an  
6 increase to the average distribution rate of  
7 1.7 cents" -- or, "1.7 cents per kWh". It  
8 should be "0.017 cents per kWh".

9 Q So, for clarity, then we would just -- we  
10 delete the dollar sign and replace -- and add  
11 in the word "cents"?

12 A That is correct.

13 Q Do you have any other changes or corrections?

14 A I do not.

15 Q And subject to that correction, do you adopt  
16 this testimony as your sworn testimony in this  
17 proceeding?

18 A Yes, I do.

19 Q Mr. Goulding, could you very -- very briefly, I  
20 think it mostly speaks for itself, very briefly  
21 explain what the Company is requesting by this  
22 filing?

23 A Yes. So, in this filing, the Company is  
24 requesting an average distribution rate change

1 of 0.17 cents per kWh. And it's to address two  
2 items. One of those items is a change in the  
3 assessment expense of the Commission. Back in  
4 Order Number 25,743, we had a set level of  
5 assessment costs in our distribution rates.  
6 And there was a option for adjusting that in  
7 the future, if there were significant changes  
8 or changes in the assessment going forward.  
9 So, that's one of the items that's being  
10 captured here.

11 And in addition, we're seeking recovery of  
12 consultant costs charged for two legislatively  
13 mandated dockets: The grid modernization  
14 docket, DE 15-296, and the net metering docket,  
15 16-576.

16 Q Thank you. Mr. Goulding, turning to what has  
17 been premarked for identification as "Exhibit  
18 2", could you please explain what is shown on  
19 that exhibit, and in particular with reference  
20 to this request?

21 A Yes. So, on Page 1 of Exhibit 2, it's a  
22 calculation of a average residential customer's  
23 monthly rate impact. If you look down to the  
24 line where it kind of lists the tables as

1 "Distribution", currently, customers are paying  
2 \$37.39, a residential customer is paying \$37.39  
3 for their distribution service. After this  
4 adjustment, they will be paying \$37.54. So, a  
5 change of roughly 15 cents a month, or an  
6 increase in their total bill of 0.1 percent.

7 Page 2 of this exhibit, this just looks at  
8 the individual different components. There's  
9 proposals for a distribution rate change, a  
10 Stranded Cost Recovery change, and an Energy  
11 Service change being discussed today. Last  
12 week, there was a discussion around the change  
13 for the System Benefits Charge.

14 So, if we just focus on the "Total Retail"  
15 for "Distribution", which is the focus of this  
16 docket, there is a 0.2 percent increase in  
17 distribution rates for customers not taking  
18 delivery -- not taking Energy Service from the  
19 Company.

20 And, on Page 3, this is for a customer  
21 taking Energy Service, we just look at the  
22 "Total Retail" change for "Distribution" line,  
23 there's a "0.1 percent" increase in the  
24 electric rates for customers taking Energy

1 Service.

2 Q Thank you. And, Mr. Goulding, is it the  
3 Company's position that this request results in  
4 rates that are just and reasonable and in the  
5 public interest?

6 A Yes, it is.

7 MR. FOSSUM: Thank you. That's all I  
8 have for direct.

9 CHAIRMAN HONIGBERG: Mr. Kreis.

10 MR. KREIS: Thank you. Just a few  
11 questions.

12 **CROSS-EXAMINATION**

13 BY MR. KREIS:

14 Q Let's continue where Mr. Fossum left off with  
15 Exhibit 2, which is the so-called "bingo  
16 sheet", just so it's clear.

17 If you look at Page 2 of Exhibit 2, I just  
18 want to make sure I understand this. For  
19 Residential Rate R customers, as a result of  
20 the changes we're talking about today, total  
21 delivery service charges go up 2.9 percent,  
22 correct?

23 A Yes.

24 Q And that 2.9 is a total of all the numbers in

1           that row. And, so, therefore, distribution  
2           rate increases account for 0.3 percent of that  
3           increase; the SCRC increase accounts for  
4           1.6 percent; and the increase -- proposed  
5           increase in the SBC accounts for 1.1 percent?

6    A       That's correct.

7    Q       If you look at Exhibit 1, and go to Bates Page  
8           014 of Exhibit 1, it looks like the Company is  
9           seeking a recovery of about \$430,000 in  
10          consultant expenses incurred by the Office of  
11          the Consumer Advocate and the Staff of the  
12          Commission. Correct?

13   A       Yes.

14   Q       And would it be fair, in round numbers, to say  
15          that the Office of the Consumer Advocate  
16          accounts for about \$100,000 of that \$430,000?

17   A       I don't have it split out here, but I'll take  
18          your number subject to check.

19   Q       Well, you would agree with me that the expenses  
20          associated with Raab Associates and nine  
21          Synapse Energy Economics and DayMark Energy  
22          Advisors, those relate to the Staff expenses,  
23          yes?

24   A       Yes.

1 Q And the Strategen Consulting concerns OCA  
2 expenses?

3 A Yes.

4 Q And I guess I would ask you, subject to check,  
5 to agree with me that the Strategen expenses  
6 are slightly less than \$100,000, and the  
7 remainder are consultants employed by Staff?

8 A I just did the rough math. And, yes, that's  
9 correct.

10 Q Thank you. I have a general question about all  
11 of this. Why is a request like this not  
12 single-issue ratemaking?

13 A It's not single-issue ratemaking, because  
14 there's a law out there. There's two laws that  
15 allow for recovery associated with proceeding  
16 costs, one for Staff and one for OCA. So,  
17 we're just complying with the law for seeking  
18 recovery of the costs.

19 Q But the Company's not proposing to break this  
20 out as a separate charge, is it? On bills, I  
21 mean?

22 A No. It's just being rolled into the  
23 distribution rate.

24 Q On Page -- Bates Page 008 of Exhibit 1, you

1 raise the possibility of proposing a separate  
2 reconciling mechanism for assessment costs as  
3 part of the Company's next distribution rate  
4 case. Do you know when the Company intends to  
5 file its next distribution rate case?

6 A I don't.

7 Q And what is the difference between a separate  
8 reconciling mechanism and the proposal you have  
9 before the Commission today?

10 A Well, this one just adjusts the distribution  
11 rates for a year, and then we would adjust them  
12 back down. So, it acts as a reconciling  
13 mechanism. But sometimes you can develop a  
14 separate mechanism that just captures kind of  
15 these one-off type costs. And I think other  
16 utilities have something called an "external  
17 delivery charge", where they capture costs  
18 associated with the NHPUC assessment change, I  
19 think some storm costs, and other miscellaneous  
20 costs. So, it would be like kind of -- look at  
21 it as -- it can be applied differently, too.  
22 It can be applied on a kWh basis -- per kWh  
23 basis, versus kind of, like I said, adjusting  
24 the average distribution rate proportionally.

1           So, it's just a matter of kind of making it  
2           more of a routine filing.

3                       MR. KREIS:   Okay.   Thank you.   Mr.  
4           Chairman, those are all the questions I have.

5                       CHAIRMAN HONIGBERG:   Ms. Amidon.

6                       MS. AMIDON:   Thank you.   Good  
7           morning, Mr. Goulding.

8                       WITNESS GOULDING:   Good morning.

9   BY MS. AMIDON:

10   Q     In 2014, there was a docket, you mention it in  
11           your testimony, I believe it's referenced on  
12           Page 7, and it's referenced probably prior to  
13           this, but on Line 24.   And that was the docket  
14           in response to a change in legislation on the  
15           assessment, is that right?

16   A     Yes.

17   Q     And, generally, in that order the Commission  
18           issued in the docket, it said that it was not  
19           appropriate at the time to develop or introduce  
20           a reconciling mechanism for assessment costs,  
21           right?

22   A     That's correct.

23   Q     So, that's why this docket takes into account  
24           the fluctuation between the -- in the 2016,

1           2017, and 2018 assessments, as compared with  
2           what was approved in that proceeding, which was  
3           the 2015 assessment?

4   A       That's correct.

5   Q       Okay. Thank you. With respect to the  
6           consultant costs, is the Company agreeable to  
7           having those costs audited by the Staff?

8   A       Yes, we are.

9   Q       And in the event that there were any changes  
10          that would require a reconciliation to findings  
11          from the audit, the Company would be willing to  
12          make that adjustment?

13   A       Yes.

14   Q       Thank you. And you want these changes to go in  
15          effect for January 1, is that right?

16   A       Yes. That's correct.

17                       MS. AMIDON: Okay. Thank you.

18                       That's all I have.

19                       CHAIRMAN HONIGBERG: Commissioner

20                       Bailey.

21                       CMSR. BAILEY: Good morning.

22                       WITNESS GOULDING: Good morning.

23   BY CMSR. BAILEY:

24   Q       Did you say that the rate impact on

1 distribution rates was 0.17 cents or 0.017  
2 cents?

3 A 0.017 cents.

4 Q Okay. That's what I thought. Now, if you look  
5 at Exhibit 2, and you take the difference  
6 between the proposed rate and the current rate,  
7 I get 0.016 cents. In Column (1), on  
8 Exhibit 2, Page 1, the difference between  
9 0.04141 and 0.04125?

10 A Okay. Yes. I see that.

11 Q So, what should we say the rate impact is to  
12 customers?

13 A The average rate impact is 0.017 cents. But  
14 there's a change in the customer charge also.  
15 So, it's a equiproportional change to overall  
16 rates. So, not every customer sees a 0.017  
17 cent increase. That's just the average rate  
18 increase for customers, because not all  
19 customers are charged the exact same rate. So,  
20 when you adjust the rate proportionally, based  
21 on the current rate design, there's slight  
22 fluctuations between different customer  
23 classes.

24 Q Are you showing average rates on this table in

1 Column (1) right now, the charge per  
2 kilowatt-hour?

3 A No. This is a residential customer.

4 Q Okay. So, a residential customer will see a  
5 0.016 cent per kilowatt-hour increase?

6 A And then also a 5 cent increase in the  
7 distribution -- or, customer charge, going from  
8 \$12.64 to \$12.69.

9 Q Okay. Oh. And that's how you get to an  
10 overall 0.017 cent?

11 A Yes.

12 Q Okay. Thank you. You said that you would  
13 reconcile -- that this rate will only be in  
14 effect for one year, and that you'd reconcile  
15 it back down next year?

16 A Yes.

17 Q Back down to what?

18 A We would remove this recovery. So, let me just  
19 double check. We're adjusting the rates up by  
20 0.017 cents. So, we would adjust them back  
21 down by 0.017 cents.

22 Q Is that assuming that the assessment is going  
23 to go down next year?

24 A Yes. So, it all depends on what the assessment

1 comes in in the fall. If it comes in at the  
2 current level, then there will be no adjustment  
3 necessary for the assessment. But, assuming  
4 there's no other miscellaneous proceeding  
5 costs, then we would adjust the rate back down  
6 for the proceeding costs proportion of the rate  
7 increase.

8 Q So, it's not going to be automatic that it just  
9 goes back down to what it was, it's going to be  
10 another proceeding like this one?

11 A Yes, it would be. Another proceeding like this  
12 one.

13 Q So, that would be an annual adjustment?

14 A It has the potential to be an annual  
15 adjustment. I will say, when we did the NHPUC  
16 assessment change back in DE 14-237, we didn't  
17 do one in '15 or '16. This was the first one.  
18 Because the change was so small, it was like  
19 \$40,000 one year, and then \$50 the other way  
20 the next year. So, we didn't -- it wasn't  
21 necessary to come in for such a small change,  
22 because it wouldn't really move the rates.

23 Q What amount -- how much does it take to move  
24 the rates?

1 A I think it's usually around 100,000 or so, it  
2 tends to start moving the decimal a little bit.

3 CMSR. BAILEY: Okay. Thank you. I  
4 think that's all I have. Thanks.

5 WITNESS GOULDING: Okay.

6 CHAIRMAN HONIGBERG: Commissioner  
7 Giaimo.

8 CMSR. GIAIMO: Okay. Good morning.

9 WITNESS GOULDING: Good morning.

10 BY CMSR. GIAIMO:

11 Q So, as a point of clarification, so I make sure  
12 I understand this right, and correct me if I'm  
13 wrong, so, it seems like the consulting work  
14 done in 2006 [2016?], as well as work --  
15 consultant work done in 2007 [2017?], is  
16 basically hitting the books now, and the  
17 customers, through this assessment, will be  
18 charged for the work done in 2016 and 2017, is  
19 that right?

20 A Right. We were invoiced in 2016 and 2017 for  
21 these charges.

22 CHAIRMAN HONIGBERG: And,  
23 Commissioner Giaimo. Just to be clear, it's  
24 the work done in 2016 and 2017, right?

1 CMSR. GIAIMO: Correct.

2 CHAIRMAN HONIGBERG: The years were a  
3 little garbled when you first said it.

4 BY CMSR. GIAIMO:

5 Q So, if we can look at Bates 014.

6 A Okay.

7 Q So, just again for clarification, if I see this  
8 correctly, this is all, the -- a line item of  
9 each and every invoice associated with the  
10 consulting work done in the Grid Mod and the  
11 Net Metering dockets?

12 A Yes.

13 Q So, the first '18, that happens in 2016,  
14 they're hitting the books in the 2018  
15 assessment, correct?

16 A Those were invoices dated in 2016. I'm not  
17 sure when we received those and when we paid  
18 them. Some of the ones, the later ones, might  
19 have been paid in 2017. I'm not sure if that  
20 was what you were asking.

21 Q Yes. You used 100 -- when answering  
22 Commissioner Bailey's question as to "what  
23 moves the needle?", you said "\$100,000 moves  
24 the needle." And in 2016, there was \$108,000

1           worth of expenses.

2   A       Right. I think at the time it was kind of,  
3           because that docket was still ongoing, and we  
4           are waiting to finalize and get all the  
5           invoices in to submit them all at one time, and  
6           do a piece and then another piece of it.

7   Q       All right. If I can maybe move to the bingo  
8           sheet, Exhibit 2, just hoping you might clarify  
9           briefly. What I'm looking at on Pages 2 and 3  
10          of Exhibit 2 are bill impacts. And Page 2 is  
11          for customers not -- going through the  
12          competitive market, getting their energy  
13          service through a competitive market, and  
14          Page 3 is for customers taking Default Service?

15   A       That's correct.

16   Q       Okay. And this is -- so, this is total bill  
17          impact. So, the actual distribution rate that  
18          each class -- that Page 2 and Page 3 are the  
19          same, it's just the impact that's different,  
20          correct?

21   A       The average rates are the same, but there's  
22          different kind of adjustments to each class's  
23          rates.

24   Q       Okay. So, Residential Rate R, if I am

1 taking -- if I am taking energy service through  
2 a competitive supplier, the actual distribution  
3 rate is the same as a Rate R taking it through  
4 default service?

5 A Yes.

6 Q But the bill impact is different because the  
7 total -- the denominator -- or, the numerator  
8 changes, I'm confusing myself, but it's just a  
9 different -- you're just multiplying slightly  
10 differently, so the impact is different?

11 A Right. So, the one without the competitive  
12 supplier has a lower retail rate, because it  
13 excludes the Energy Service portion of the  
14 rate.

15 CMSR. GIAIMO: Okay. Thanks. That  
16 helps. I'm good. Thank you.

17 CHAIRMAN HONIGBERG: I think my  
18 questions just got answered. So, I'm not going  
19 to have anything for you, Mr. Goulding.

20 Mr. Fossum, do you have any  
21 follow-up, redirect for Mr. Goulding?

22 MR. FOSSUM: I do not.

23 CHAIRMAN HONIGBERG: All right.

24 Mr. Goulding, why don't you stay where you are,

1           because I think you're probably going to be  
2           there for each of the next couple of dockets.

3                       Is there anything we need to do  
4           before closing this one down?

5                               *[No verbal response.]*

6                       CHAIRMAN HONIGBERG: All right.  
7           Then, without objection, we'll strike ID on  
8           Exhibits 1 and 2.

9                       And I'll ask the parties to sum up.  
10          Mr. Kreis, why don't you start us off.

11                       MR. KREIS: The Office of the  
12          Consumer Advocate has no objection to the  
13          Company's proposal. We can certainly state  
14          forthrightly that the expenses incurred with  
15          respect to the Office of the Consumer Advocate  
16          were just and reasonable. And I guess I have  
17          to assume that that would be the same for the  
18          expenses incurred by the Staff.

19                       I'm a little leery about things that  
20          look like single-issue ratemaking. But I do  
21          think the Company makes a good point, that  
22          these particular expenses are covered by a  
23          separate statute, and they have been, as the  
24          Company has pointed out in its filing, allowed

1 for recovery by at least one other utility.  
2 And, so, I think it's reasonable for this  
3 Company to request this form of recovery at  
4 this time.

5 We certainly reserve the right to  
6 urge the Commission to reduce its  
7 distribution -- urge the Company, that is, to  
8 reduce its distribution rates in future years  
9 when these assessments go down. And we  
10 certainly reserve the rights to take a  
11 different position in a different case in  
12 different factual circumstances.

13 CHAIRMAN HONIGBERG: Thank you, Mr.  
14 Kreis.

15 Ms. Amidon, in summing up, I'd like  
16 you to address what you have in mind for an  
17 audit. Because, while you asked the question  
18 of Mr. Goulding, Eversource didn't incur these  
19 costs, the Staff and the OCA did. So, I'm  
20 interested in understanding what an audit --  
21 what the audit would mean in this context.

22 MS. AMIDON: Well, I think -- I think  
23 it is true, that I believe Mr. Chagnon reviewed  
24 the bills and determined that they were all

1 accurately accounted for, and just to double  
2 check on that by Staff. I don't think there  
3 will be any discrepancies found. But, you  
4 know, a confirmation is always appropriate, and  
5 it probably wouldn't take much time.

6 CHAIRMAN HONIGBERG: Okay.

7 MS. AMIDON: It would be very simple  
8 for them, because I believe they have copies of  
9 all the invoices at this point.

10 CHAIRMAN HONIGBERG: All right. And  
11 then, summing up, you would say?

12 MS. AMIDON: I would say that I agree  
13 with the Consumer Advocate, that the Company  
14 has the authority under RSA 365 and 363 to  
15 recover the costs of consultants and other work  
16 for the Commission and the OCA in connection  
17 with utility investigations or utility  
18 proceedings, and that they have appropriately  
19 adjusted the rate to reflect those costs.

20 I also think it's appropriate at this  
21 time to take into account changes to the  
22 assessment, given the disparity between what  
23 was approved in 2014 and the current assessment  
24 for 2018, and as the result is just and

1 reasonable rates. And we believe the  
2 Commission should approve the Petition in the  
3 time frames requested by the Company.

4 CHAIRMAN HONIGBERG: Thank you,  
5 Ms. Amidon. Mr. Fossum.

6 MR. FOSSUM: Thank you. I have very  
7 little to add. I join the comments of the  
8 Staff and OCA. I think that the filing  
9 essentially speaks for itself. And it's the  
10 Company's belief that the resulting rate impact  
11 is a just and reasonable one. And we would  
12 request that the Commission approve the filing  
13 for recovery as submitted.

14 Thank you.

15 CHAIRMAN HONIGBERG: Thank you,  
16 Mr. Fossum.

17 We'll close this hearing and close  
18 the docket, close the record in 17-160. Take  
19 the matter under advisement and issue an order  
20 as quickly as we can. This hearing is  
21 adjourned.

22 **(Whereupon the hearing was**  
23 **adjourned at 10:35 a.m.)**

24

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 17-160**

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

**Petition for Recovery of Annual Assessment and Consultant Costs**

**Order Approving Petition**

**ORDER NO. 26,091**

**December 27, 2017**

**APPEARANCES:** Matthew J. Fossum, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; Consumer Advocate D. Maurice Kreis, Esq., on behalf of residential ratepayers; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

In this Order, the Commission approves Eversource's petition to recover assessment costs and certain consultant costs associated with the Grid Modernization and Net Metering dockets with services rendered on and after January 1, 2018. The resulting increase in distribution rates is 0.017 cents per kilowatt hour (kWh).

This is one of three orders we are issuing today to change Eversource's rates effective on a service rendered basis on and after January 1, 2018. The three orders pertain to: (1) the instant docket, to recover annual assessment and consulting costs; (2) Docket No. DE 17-150, to adjust the default energy service rate; and (3) Docket No. DE 17-151, to adjust the stranded cost recovery charge. Overall, the average total monthly bill impact of the three rate changes for residential customers who take energy supply service from Eversource and use 600 kWh per month is a 0.7 percent decrease from \$124.50 to \$123.64. Residential customers using 600 kWh per month who take service from a competitive supplier will experience a 2.9 percent increase in the delivery-service portion of their bills. None of the three orders being issued today will have any effect on the energy portion of the bill for those receiving energy from competitive suppliers.

## **I. PROCEDURAL HISTORY AND BACKGROUND**

On October 20, 2017, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed a petition for recovery of annual assessment and consultant costs. The petition requests an overall 0.017 cents per kWh increase to its distribution rates to recover such costs. Eversource's submission included prefiled testimony and related attachments. Eversource requested that the rate change associated with this recovery be effective on a service-rendered basis as of January 1, 2018.

On October 24, 2017, the Office of Consumer Advocate (OCA) filed a letter of participation. The Commission issued an Order of Notice on November 21, 2017, scheduling a hearing for December 19, 2017.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://puc.nh.gov/Regulatory/Docketbk/2017/17-160.html>.

## **II. POSITIONS OF THE PARTIES AND STAFF**

### **A. Eversource**

#### **1. Recovery of Commission Assessment**

As stated by Eversource, Senate Bill 324 (SB 324) became effective July 1, 2014, amending RSA Chapter 363-A. Among other things, SB 324 changed the manner in which utilities are assessed to recover the expenses of the Commission. In addition to changing the manner of the assessment itself, the legislation also changed the way in which public utilities recover the annual assessment costs from customers. Prior to enactment of SB 324, assessment costs were collected through distribution, generation, and transmission rates. SB 324 requires public utilities to recover the assessment through distribution rates only. The bill provided that

the Commission would establish the manner for recovering the assessments and make annual adjustments as necessary. RSA 363-A:6, III.

In Docket No. DE 14-347, Eversource submitted a filing that was approved by Order No. 25,743 (December 29, 2014) which incorporated a Commission assessment level of \$4.149 million in distribution rates, and an assessment of \$10,000 in energy service rates effective January 1, 2015. The Order also approved the removal of assessment costs from the transmission component of an Eversource customer's bill. The Commission did not approve an automatic annual adjustment in distribution rates to account for increases or decreases in the amount of the Commission's assessment with respect to Eversource.

Since 2015, the changes in the level of assessment have not warranted a change in the rates. For 2016 and 2017, the changes were relatively minor, with 2016 being \$48,000 lower than the amount established in 2014, and 2017 being \$86,000 more than the amount established in 2014.

For 2018, however, the change in assessment is an increase of \$874,000 over the assessment used to establish the rate in effect since January 1, 2015. The total change in the assessment amount for the three years is an increase of \$911,624 over the amount currently being recovered through Eversource's distribution rates. To recover the appropriate assessment amount, Eversource requests that the distribution rate increase by 0.012 cents per kWh. Eversource said it would revisit the distribution rate recovery of Commission assessments when it received the next assessment billing in the fall of 2018.

## **2. Recovery of Consultant Costs**

In addition to recovery of the assessment, Eversource is seeking recovery of the Commission's and the OCA's consultant costs related to Docket No. IR 15-296 (Grid

Modernization), and Docket No. DE 16-576 (Net Metering). Eversource requested recovery of those costs in both dockets pursuant to RSA 365:37, II (authorizing recovery of Commission costs assessed against the utility in a proceeding instituted by the Commission), RSA 365:38-a (authorizing recovery of Commission costs assessed against the utility in utility proceedings before the Commission), and RSA 363:28, III (authorizing the recovery of costs assessed against the utility incurred by the OCA in hiring consultants in proceedings before the Commission).

Eversource is requesting recovery of \$430,569, for the consultant costs over a one-year period from January 1 through December 31, 2018, through distribution rates at a rate of 0.005 cents per kWh. Once those costs are recovered, Eversource will adjust the distribution rates to remove the consultant costs.

Eversource requests that the Commission approve a 0.017 cents per kWh increase to distribution rates to recover the costs associated with the Commission assessment and the consultant costs related to the Grid Modernization and Net Metering dockets, for effect on January 1, 2018, on a service-rendered basis.

#### **B. OCA**

The OCA said that it did not object to Eversource's specific request in this matter. The OCA, however, reserved the right to take a different position if the Company presents a petition for recovery in the future that presents different facts.

#### **C. Staff**

Staff stated that it supported the petition and recommended that Eversource be audited to ensure that the Company properly accounted for consultant costs.

### III. COMMISSION ANALYSIS

Eversource's petition proposes an increase to its base distribution rates to comply with the requirements of RSA 363-A:6, the assessment statute, and statutes which permit a utility to recover costs associated with the Commission and OCA costs in utility proceedings. *See* RSA 365:37, II, RSA 365:38-a, and RSA 363:28, III. We therefore must determine whether the resulting rates are just and reasonable pursuant to RSA 378:5 ("Whenever any schedule shall be filed with the commission stating new and higher rates ... which the public utility filing the same proposes to put into force, the commission may investigate the reasonableness of such proposed rates") and RSA 378:8 (the applicant carries "the burden of proving the necessity of" charging a higher rate).

The Commission has reviewed the proposed adjustment to Eversource's distribution rates to allow full recovery<sup>1</sup> of the Commission's assessment from the time the rate was established through the most recent assessment,<sup>2</sup> and to recover costs associated with the Commission's investigation into Grid Modernization and Net Metering. We conclude that these adjustments are in the public interest and result in just and reasonable rates. We note that the assessment to recover costs associated with Commission proceedings will expire at the end of December 2018, and find that the recovery through distribution rates of those costs is appropriate. Finally, we agree that the Company's accounting treatment of the consulting fees should be reviewed by Staff.

<sup>1</sup> We note that consistent with Order No. 25,743 the proposed recovery excludes \$10,000 of the annual assessment recovered through energy service rates.

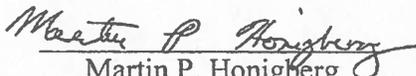
<sup>2</sup> See 2015 (based on 2014 utility revenue and FY15 PUC budget) and 2018 (based on 2017 utility revenue and FY18 PUC budget) Assessment Booklets at [http://www.puc.nh.gov/Home/AboutUs/Assessment\\_Booklets.htm](http://www.puc.nh.gov/Home/AboutUs/Assessment_Booklets.htm).

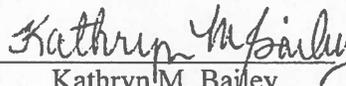
**Based upon the foregoing, it is hereby**

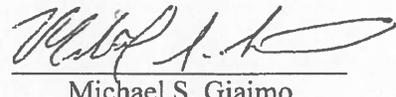
**ORDERED**, that Eversource's petition to adjust its distribution rates to recover assessment costs and to recover costs incurred in connection with Commission proceedings is hereby APPROVED; and it is

**FURTHER ORDERED**, that Eversource shall file tariffs conforming to this Order pursuant to New Hampshire Code Admin Rule Puc 1600 within 10 business days of the date of this Order.

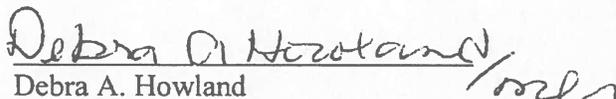
By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of December, 2017.

  
Martin P. Honigberg  
Chairman

  
Kathryn M. Bailey  
Commissioner

  
Michael S. Giaimo  
Commissioner

Attested by:

  
Debra A. Howland  
Executive Director

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**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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**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  
amanda.noonan@puc.nh.gov  
christopher.goulding@eversource.com  
donald.kreis@oca.nh.gov  
leszek.stachow@puc.nh.gov  
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richard.chagnon@puc.nh.gov  
suzanne.amidon@puc.nh.gov  
tom.frantz@puc.nh.gov

Docket #: 17-160-1 Printed: December 27, 2017

**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.

CHAIRMAN  
Martin P. Honigberg

COMMISSIONERS  
Kathryn M. Bailey  
Michael S. Giaimo

EXECUTIVE DIRECTOR  
Debra A. Howland



PUBLIC UTILITIES COMMISSION  
21 S. Fruit St., Suite 10  
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January 30, 2018

NHPUC 30 JAN 18 PM 2:40

Debra Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street  
Concord, NH 03301

Regarding PSNH d/b/a Eversource Energy DE 17-160 Petition for Recovery of Annual Assessment and Consultant Costs

Dear Ms. Howland:

On October 20, 2017 Eversource filed for recovery of certain consultant costs and increases in the annual assessment. On December 19, 2017 the PUC Audit Staff was asked by the Electric Division to conduct an audit of the filed costs. A draft audit report issued to the Company on January 17, 2018. The Company responded timely to the draft on January 24, 2018, and a final report was issued on January 24, 2018 to the Company, Director of the Electric Division, Assistant Director of the Electric Division, the PUC Analyst, the PUC Attorney, and to the Office of the Consumer Advocate.

The Company proposed:

	Total	Component Average Rate Impact
Assessment	\$ 911,624	0.012
Consultant	\$ 430,569	0.005
Total CJG-1	\$1,342,193	0.017 based on forecasted MWh 7,847,816 1/2018 – 12/2018

The audit determined that \$200,904 of the consultant costs had been expensed in the financial year ending December 31, 2016. The inclusion of those expensed items within the total proposed deferral is in violation of the FERC Uniform System of Accounts.

Page 2

The Audit resulted in:

	Total	Component Average Rate Impact
Assessment	\$ 911,624	0.01162
Consultant	<u>\$ 229,665</u>	<u>0.00293</u>
	\$1,141,289	0.01455 based on forecasted MWh 7,847,816 January 2018 – December 2018

In summary, Staff recommends that the rate approved by Order 26,091, 0.017 per kilowatt-hour should be adjusted with the reduction of allowed expenses, as well as a reduction of the over-collection based on the 0.017 which was billed to customers beginning January 1, 2018. The exclusion of the \$200,904 should be specifically identified within the Order as not recoverable. Updated tariff pages should be submitted.

The audit report is attached.

Sincerely,



Suzanne G. Amidon  
Staff Counsel

Attachment  
Service List (electronically)

Page 3

**Audit Report Attachment**

**STATE OF NEW HAMPSHIRE**

**Inter-Department Communication**

**DATE:** January 24, 2018

**AT (OFFICE):** NHPUC

**FROM:** Karen Moran, Chief Auditor

**SUBJECT:** Public Service Company of New Hampshire (PSNH) d/b/a Eversource Energy  
Docket DE 17-160 Petition for Recovery of Annual Assessment and Consultant Costs

**TO:** Tom Frantz, Director Electric Division  
Les Stachow, Assistant Director Electric Division  
Rich Chagnon, Utility Analyst

**Introduction**

On December 19, 2017, the PUC Audit Staff was asked to review the identified assessment charges and consultant expenses related to dockets DE 15-296, Grid Modernization and DE 16-576, Net Metering, as filed in docket DE 17-160 on October 20, 2017.

**Summary of Request**

The Company has proposed deferring and amortizing, through 2018, the net impact of the significant increase in the PUC assessment, as well as recovering the consulting costs associated with the two dockets noted above. Specifically:

Assessment	\$ 911,624
Consultant	\$ <u>430,569</u>
Total CJG-1	\$1,342,193

Audit recommends the following adjustment, described in detail in the pages which follow:

Assessment	\$ 911,624
Consultant	\$ <u>229,665</u>
Adjusted	\$1,141,289

**Assessment Detail**

Page 4

The fiscal year assessment totals reflected on the filing Bates page 000013, Attachment CJG-1, page 2 of 5 accurately reflect the assessments according to the assessment booklets located at PUC.NH.GOV. Each assessment reflects the combined electric assessment and imputed energy suppliers' revenue (IESR) assessment:

	<u>Electric</u>	<u>IESR</u>	<u>Total</u>	<u>change year to year</u>
FY 2015	\$2,993,034	\$1,165,751	\$4,158,785	not applicable
FY 2016	\$3,066,826	\$1,044,179	\$4,111,005	\$ (47,780)
FY 2017	\$3,136,691	\$1,107,750	\$4,244,441	\$133,436
<b>FY 2018</b>	<b>\$3,661,132</b>	<b>\$1,371,401</b>	<b>\$5,032,533</b>	<b>\$788 092</b>

The reported under recovery of the authorized assessments (per Order 25,473) was included on Attachment CJG-1, page 2 of 5, \$911,624.

The support provided to Audit regarding the year-end adjusting journal entry indicated that the Energy Service portion of the approved assessment, \$10,000 was expensed monthly at \$833 to account 928000-6F, and the Distribution portion of the authorized assessment, \$4,148,785 was expensed monthly at \$345,732 to account 928000-06. The proposed adjustment to the monthly expense was noted to be related only to Distribution portion of the assessment. The calculation provided demonstrated that for each quarterly assessment, in FY 18, the distribution portion was divided by three to arrive at a monthly expense figure. Audit reviewed the calculation for the period July 2017 through December 2017 and agrees with the math for the under-collection of \$239,089, then the follow-through reported under-collection of \$911,624 through June 2018.

**Details of the Accounting Treatment of the Proposed Deferral and Amortization**

Audit verified that the Company expensed the consultant costs and assessment costs to account 928000 during 2016 and 2017. The reclassification entry was requested by Audit and a copy of the unposted entry was provided by the Company for posting on January 2, 2018 as part of the year-end close:

<b>06.11100.182NHA</b>	\$669,658	
<b>06.11100.928000</b>		\$239,089
<b>06.11100.928000</b>		\$430,569

The bold numbers reflect the FERC account to which the entry was to be booked. Per FERC, account 182.3 represents Other Regulatory Assets. Account 928 is the Regulatory Commission Expenses account.

The 2016 consulting expenses cannot be included within the deferral, as they were included in the 2016 income statement and the books have been closed for a year. As a result, \$200,904 of consulting costs must be excluded from the \$430,569. Refer to the Consultant sections below. **Audit Issue #1**

Page 5

Audit requested clarification of the account to which the amortization would be booked, and was told 928000, Regulatory Commission Expense. The expensing of the deferral does comply with FERC for the write-down of amounts in account 182.

**Consultant Detail - \$430,569 less \$200,904 = \$229,665**

The Consultant list, included within the filing on Bates page 000014, Attachment CJG-1 page 3 of 5 reflected costs associated with Raab Associates, Synapse Energy Economics, DayMark Energy Advisors, and Strategen Consulting.

**Relating to docket IR 15-296, Investigation into Grid Modernization:**

Raab Associates was hired to support the NHPUC Electric division, and Synapse Energy Economics was hired to support the Office of the Consumer Advocate.

100% of the noted Raab Associates expenses were verified to the PUC Business Office master invoices, without exception. The master invoices reflect the total amount invoiced from the consultant, and identifies the allocation among the electric utilities. Specifically:

Eversource	\$ 86,564
Unitil	\$ 13,260
Liberty	\$ 10,176
Total invoiced	\$110,000

Total contract \$110,000, thus zero remains after Business Office invoice 5/2017.

Eversource expensed the full \$86,564 to account 928000 in 2016 and 2017 as the PUC invoiced the utilities. \$62,498 of the Raab total was booked in 2016, thus cannot be recovered through a reclassification entry for year-end 2017. **Audit Issue #1**

100% of the noted Synapse Energy Economics expenses were verified to the PUC Business Office master invoices, without exception. The master invoices reflect the total amount invoiced from the consultant, and identifies the allocation among the electric utilities. Specifically:

Eversource	\$ 52,976
Unitil	\$ 8,115
Liberty	\$ 6,227
Total invoiced	\$ 67,319

Total contract \$67,750, thus \$431 remains after Business Office invoice 5/2017.

Eversource expensed the full \$52,976 to account 928000 in 2016 and 2017 as the PUC invoiced the utilities. \$36,751 of the Synapse total was booked in 2016, thus cannot be recovered through a reclassification entry for year-end 2017. **Audit Issue #1**

**Relating to docket DE16-576, Development of New Alternative Net Metering Tariffs and/or Other Regulatory Mechanisms and Tariffs for Customer-Generators**

Page 6

DayMark Energy Advisors was hired to support the Sustainable Energy division and Strategen Consulting, LLC was hired as an engineering consultant to support the OCA in the Net Metering docket.

100% of the noted DayMark Energy Advisors expenses were verified to the PUC Business Office master invoices, without exception. The master invoices reflect the total amount invoiced from the consultant, and identifies the allocation among the electric utilities.

Specifically:

Eversource	\$216,755
Unitil	\$ 33,203
Liberty	\$ <u>25,480</u>
Total invoiced	\$275,438

Total contract \$277,000, thus \$1,562 remains after Business Office invoice 6/2017.

Eversource expensed the full \$216,755 to account 928000 in 2016 and 2017 as the PUC invoiced the utilities. \$61,106 of the DayMark total was booked in 2016, thus cannot be recovered through a reclassification entry for year-end 2017. **Audit Issue #1**

100% of the noted Strategen Consulting expenses were verified to the PUC Business Office master invoices, without exception. The master invoices reflect the total amount invoiced from the consultant, and identifies the allocation among the electric utilities. Specifically:

Eversource	\$ 74,274
Unitil	\$ 11,377
Liberty	\$ <u>8,731</u>
Total invoiced	\$ 94,382

Total contract \$187,900, thus \$93,518 remains after Business Office invoice 8/2017.

Eversource expensed the full \$74,274 to account 928000 in 2016 and 2017 as the PUC invoiced the utilities. \$40,549 of the Strategen total was booked in 2016, thus cannot be recovered through a reclassification entry for year-end 2017. **Audit Issue #1**

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**Audit Issue #1**  
**Adjustment to be Made to Consultant Cost Total**

**Background**

The Company petitioned the Commission for recovery of \$430,569 consultant costs associated with the Grid Modernization and Net Metering dockets, and \$911,624 of calculated under recovery of the PUC assessment for the state fiscal year 2018.

**Issue**

The Company expensed, rather than deferred, all costs relating to the consultants, which were booked in 2016 and 2017.

The Company included \$200,904 of 2016 expenses within the year-end 2017 deferral reclassification, thus overstating the deferral.

**Recommendation**

The Company must adjust the amount of the deferred consultant cost down from \$430,569 to \$229,755, adjust the rate being assessed to customers, and return the amount over-collected since the start of the year.

The Company must comply with FERC regarding the amount allowed to be posted to account 182: *"The amounts included in this account are to be established by those charges which would have been included in net income, or accumulated other comprehensive income, determinations in the current period under the general requirements of the Uniform System of Accounts..."* (emphasis added)

**Company Comment**

The costs incurred by the Company in 2016 and 2017 were for consultants hired by the OCA and NHPUC Staff to review and assist in the Grid Mod and Net Metering dockets. These types of consultant costs are specifically identified as recoverable costs under New Hampshire law. Due to the timing of some of these non-routine costs being charged to the Company in late 2016 and the uncertainty of recovery, the costs were deferred once we received certainty of recovery. Recovery was not certain until the Company received approval for recovery of the cost in Order No. 26,091 in Docket No. DE 17-160.

The closing of a calendar year does not preclude recovery of a prudently incurred cost in rates. The 2017 entry was not a reclassification entry. The entry was to record a regulatory asset that was expected to be recovered in rates. Going forward, all OCA and NHPUC Staff consultant cost incurred by the Company will be deferred as they are incurred for future recovery.

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**Audit Comment**

Audit appreciates that the Company will defer such costs in the future. The disallowance of the \$200,904 is restated.

For ease of reference, I have included below references from the FERC Uniform System of Accounts and related RSA sections which authorize recovery of consultant costs from utilities. FERC specifies that only costs in the current (accounting) period can be included in 182.3. The RSA references allow the commission to charge the utilities for consultant costs, but do specify the accounting treatment of those costs. Statute 374.8 dictates the use of the Uniform System of Accounts, and Puc 307.04 specifies FERC as the system to use.

**FERC 182.3 Other regulatory asset**

- A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from ratemaking actions of regulatory agencies.
- B. The amounts included in this account are to be established by those charges which would have been included in net income, or accumulated other comprehensive income in the current period under the general requirements of the Uniform System of Accounts but for it being probable that such items will be included in a different period(s) for purposes of developing rates that the utility is authorized to charge for its utility services. When specification of the particular source of a regulatory asset cannot be made, such as in plant phase-ins, rate moderation plans, or rate levelization plans, account 407.4 regulatory credits, shall be credited. The amounts recorded in this account are generally to be charged, concurrently with the recovery of the amounts in rates, to the same account that would have been charged if included in income when incurred, except all regulatory assets established through the use of account 407.4 shall be charged to account 407.3, regulatory debits, concurrent with the recovery in rates.
- C. If rate recovery of all or part of an amount included in this account is disallowed, the disallowed amount shall be charged to Account 426.5, Other Deductions, or Account 435, Extraordinary Deductions, in the year of the disallowance.
- D. The records supporting the entries to this account shall be kept so that the utility can furnish full information as to the nature and amount of each regulatory asset included in this account, including justification for inclusion of such amounts in this account.

**NH Revised Statutes Annotated**

**365:37 Expense of Investigations.** – I. Whenever any investigation shall be necessary to enable the commission to pass upon any petition for authority to issue stocks, bonds, notes, or other evidence of indebtedness, for authority to operate as a public utility or to expand operations as a public utility, to make extensions into new territory, to discontinue service, to condemn property for flowage rights and dam construction, or for authority to sell, consolidate, merge, transfer, or lease the plant, works, or system of any public utility, or any part of the same, or for any other matter which requires the commission's approval, the petitioner shall pay to the commission the expense involved in the investigation of the matters covered by said petition, including the amounts expended for experts, accountants, or other assistants. Such expense shall not include any part of the salaries or expenses of the commissioners or of employees of the commission or, unless the proceeding is being conducted pursuant to RSA 38, the fees of experts testifying as to values in condemnation proceedings.

II. Whenever the commission institutes a proceeding, or when more than one utility subject to the jurisdiction of the commission shall be involved in a proceeding in which the commission requires the assistance of experts, accountants or other assistants, regardless of whether they petitioned the commission in the first instance, the commission may assess the costs of experts, accountants or other assistants hired by the commission against the utilities and any other parties to the proceeding. The commission shall not, however, assess any such costs against the office of the consumer advocate or against any voluntary corporation, not-for-profit organization, or any municipality unless the municipality is involved in a proceeding before the commission pursuant to RSA 38. In the case of a utility, the assessment of those costs shall be based on the annual revenues of the participating utilities in the same manner as issued in assessing the annual operating expenses of the commission, or as appropriate and equitable on a case by case basis. In the case of a party who is not a utility, the assessment of those costs shall be as appropriate and equitable on a case by case basis. Such expenses shall not include any part of the salaries or expenses of the commissioners or of employees of the commission or, unless the proceeding is being conducted pursuant to RSA 38, the fees of experts testifying as to values in condemnation proceedings.

III. For investigations or proceedings involving the acquisition, merger, transfer, sale, or lease of the works or system of a public utility, the commission shall not enter into a contract with experts, accountants, or other assistants in an amount greater than \$250,000, including any contract extension, without the approval of the governor and council. For all other investigations or proceedings, the commission shall not enter into a contract with experts, accountants, or other assistants in an amount greater than \$100,000, including any contract extension, without the approval of governor and council.

**365:38 Rate Proceeding.** – Whenever any investigation shall be necessary to enable the commission to pass upon the reasonableness of the rates or charges by a public utility, the utility, upon order of the commission, shall pay to the commission its expenses involved in the investigation, including the amounts expended by it for attorneys, experts, accountants, or other assistants, but not including any part of the salaries or expenses of the commissioners or of employees of the commission; provided, that the amount charged to the utility by the commission in any such case shall not exceed  $\frac{3}{4}$  of one percent of the existing valuation of the utility investigated, such expenses with 6 percent interest to be charged by the utility to operating expenses and amortized over such period as the commission shall deem proper and allowed for in the rates to be charged by the utility.

**374:5-a Power to Hire Consultants Firm.** – The commission may utilize and employ a consultant firm to provide it with technical assistance in evaluating cost factors relating to the effective use of substantial investments of utilities regulated by the commission.

**374:8 Accounting Systems.** – I. The commission may, whenever it deems it advisable, establish a system of accounts and records to be used by public utilities for their business within this state, may classify them and prescribe a system of accounts for each class, and may prescribe the manner in which said accounts shall be kept.

II. The uniform system of accounts for regulated utilities established under the provisions of this section shall be exempt from the requirements of RSA 541-A, the administrative procedure act.

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The commission shall file, however, in the office of legislative services a copy of all rules adopted, amended or repealed under this section by the commission.

**374:14 False Entries, Etc.** – No person shall willfully make any false entry in the accounts or records of any public utility, or willfully destroy, mutilate or by any other means falsify such accounts or records, or willfully neglect or fail to make full, true or correct entries of all facts and transactions appertaining to the business of any public utility, which it is his duty to make; provided, that the commission may at its discretion issue orders specifying operating, accounting or financial accounts, records, memoranda, books or papers of public utilities which may, after a reasonable time, be destroyed, and may prescribe the length of time the same shall be preserved.

**Puc 307.04 Uniform System of Accounts**

Pursuant to RSA 374:8, each utility shall maintain and preserve its accounts and records in conformity with the "Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to Provisions of the Federal Power Act" issued by the United States Federal Energy Regulatory Commission, Department of Energy.

REVISION NOTE: Pursuant to RSA 374:8, II and RSA 541-A:21, I(q), as amended effective 7-23-94 by 1994, 193:3 and 193:4, the uniform system of accounts (USOA) for regulated utilities as referenced in Puc 307.04 is exempt from the rulemaking requirements of RSA 541-A. The text of the USOA is not included in Puc 307.04 above because the publication requirement for rules in RSA 541-A:15, I does not apply. By Order No. 21,310 dated August 8, 1994, the New Hampshire Public Utilities Commission (Commission) ordered, because of 1994, 193, that the USOAs, including the USOA for electric utilities, "shall remain in effect until such time as the Commission shall prescribe, amend, rescind or otherwise affect the USOAs currently prescribed for regulated utilities". The Commission must still file in the Office of Legislative Services a copy of all USOA rules adopted, amended or repealed under RSA 374:8. The text of the USOA for electric utilities subject to Order No. 21,310 was last filed in Document #6621.

A copy of the USOA as referenced in Puc 307.04 may be obtained at the:

New Hampshire Public Utilities Commission  
21 South Fruit Street  
Concord, New Hampshire 03301

**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.

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tom.frantz@puc.nh.gov

Docket #: 17-160-1 Printed: January 30, 2018

**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  
EXECUTIVE 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.

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

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
D/B/A EVERSOURCE ENERGY**

Docket No. DE 17-160

**RESPONSE OF EVERSOURCE TO STAFF RECOMMENDATION**

Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or “the Company”) submits this response to the New Hampshire Public Utilities Commission (“Commission”) relative to the January 24, 2018 recommendation of the Commission Staff for a disallowance of certain costs incurred by the Staff and the Office of Consumer Advocate (“OCA”) and charged to Eversource. In addition to representing a material shift from Staff’s prior position in the docket, the recommendation seeks relief that is contrary to both the law and policy of the State. Accordingly, the Commission should reject the recommendation. In support of this submission, Eversource says the following:

1. By a petition dated October 20, 2017, Eversource sought recovery of certain costs relating to both the amended level of the Commission’s assessment to Eversource, as well as costs of consultant services for consultants retained by the Staff and OCA. The assessment costs are not in issue here. Relative to the consultant costs, and with reference to RSA 365:38-a and RSA 363:28, Eversource sought to recover \$430,569 in costs for consultants hired and used by the Staff and the OCA in Docket Nos. IR 15-296 and DE 16-576, the Grid Modernization and Net Metering dockets, respectively.

2. On December 19, 2017, the Commission held a hearing on the Company’s request. During that hearing, the Staff requested that the Commission order an audit of the consulting costs. In response to the Staff’s request, the Chair of the Commission asked of Staff, “I’d like you to address what you have in mind for an audit. Because, while you asked the question of Mr. Goulding, Eversource didn’t incur these costs, the Staff and the

OCA did. So, I'm interested in understanding what an audit -- what the audit would mean in this context." Transcript of December 19, 2017 hearing at 24. In response, the Staff stated "I think it is true, that I believe Mr. Chagnon reviewed the bills and determined that they were all accurately accounted for, and just to double check on that by Staff. I don't think there will be any discrepancies found. But, you know, a confirmation is always appropriate, and it probably wouldn't take much time." *Id.* at 24-25. Accordingly, the Commission acknowledged that the costs were incurred by the Staff and OCA, and the Staff acknowledged that the audit was for the purpose of "double checking" or confirming the accuracy of the calculations of the Staff's analyst.<sup>1</sup>

3. On December 27, 2017, the Commission issued Order No. 26,091 in this proceeding where it concluded that:

The Commission has reviewed the proposed adjustment to Eversource's distribution rates to allow full recovery of the Commission's assessment from the time the rate was established through the most recent assessment, and to recover costs associated with the Commission's investigation into Grid Modernization and Net Metering. We conclude that these adjustments are in the public interest and result in just and reasonable rates.

Order No. 26,091 at 5. Accordingly, the Commission authorized "full recovery" of the Staff and OCA consultant costs.

4. On January 24, 2018 the Commission's audit division released its final audit of the costs which recommended a disallowance of nearly half of the consultant costs, \$200,904, based upon its assessment that the costs from calendar year 2016 should have been booked to a different account than the one to which they were booked. On January 30, 2018, the Staff filed its recommendation supporting the audit division recommendation for a disallowance and requesting that the Commission order the Company to adjust its

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<sup>1</sup> At hearing, Eversource agreed that it would abide by the results of a Staff audit. Transcript of December 19, 2017 Hearing at 15. That agreement, however, was premised on an understanding that the purpose of the audit was as Staff described -- to confirm the relevant calculations. It was not, and could not credibly be interpreted as, an agreement that any and every potential result of an audit, regardless of scope, would be adopted without question by the Company.

rates to account for the recommended disallowance. Eversource objects to the Staff's recommendation.

5. First, as a procedural matter, because the Commission has authorized full recovery of the consultant costs through Eversource's rates, the Staff's recommendation is requesting that the Commission amend its prior order. In that Order No. 26,091 was issued following a hearing, to the extent the Commission is inclined to adopt the Staff's recommendation, it may only do so following notice and a hearing as required by RSA 365:38.

6. With respect to the substance of the audit and the recommendation, the booking of the costs in the manner done by Eversource – as an expense in 2016, rather than as a deferral – does nothing at all to change the nature of the expenses. The consultant costs incurred by the Staff and OCA and billed to the Company were, in fact, billed to and paid by the Company. There is nothing to indicate that the costs incurred by Eversource in paying those bills were improper, imprudent, unreasonable, or in any way contrary to the standards by which cost recovery is judged in New Hampshire. As explained in the Company's response to the audit, the timing of the costs, and the then-uncertain possibility of recovery, made it appropriate to book them as they were booked. Any change to that treatment once recovery was made clear did nothing to alter the costs, did not increase the costs to customers or enrich the Company, and did not otherwise render these costs improper for recovery. In short, the Company's accounting treatment of the consultant costs was reasonable and appropriate and should have no bearing on recovery.

7. Furthermore, denying recovery of these costs runs contrary to New Hampshire law. With respect to the costs of the consultants retained by the OCA, RSA 363:28, III provides:

The consumer advocate shall have authority to contract for outside consultants within the limits of funds available to the office. With the approval of the fiscal committee of the general court and the governor and council, the office of the consumer advocate may employ experts to assist it in proceedings before the public utilities commission, and may pay them reasonable compensation. The public utilities commission shall charge a

special assessment for any such amounts against any utility participating in such proceedings and ***shall provide for the timely recovery of such amounts*** for the affected utility.

(emphasis added). As used in New Hampshire law, the word “shall” is generally interpreted as making a statute mandatory. *See e.g., McCarthy v. Wheeler*, 152 N.H. 643, 645 (2005). Accordingly, in that the law states that the Commission “shall provide” for the recovery of costs incurred by the OCA, that provision should be interpreted to permit recovery of costs incurred by the OCA, and paid by Eversource. To do otherwise runs contrary to this requirement.

8. With respect to the consultant costs incurred by the Staff, RSA 365:38-a states, in relevant part, that the Commission “may allow recovery of costs associated with utility proceedings before the commission, provided that recovery of costs for utilities and other parties shall be just and reasonable and in the public interest.” As noted above, in Order No. 26,091, the Commission specifically concluded that the rate adjustments needed to permit “full recovery” these costs were “in the public interest and result in just and reasonable rates.” Order No. 26,091 at 5. Accordingly, though the use of “may” in this statute would make recovery discretionary rather than mandatory, the Commission’s discretion has been exercised and the recovery has been judged to be just, reasonable and in the public interest. Treating the costs, temporarily, as an expense while recovery was unclear does not render the Commission’s conclusion infirm.

9. Beyond the legal requirements, there are additional reasons to permit recovery of these costs. As noted above, the Staff had contended to the Commission that the purpose of the audit was to confirm the Staff’s calculations, and not for some other purpose. Accordingly, the Staff’s recommendation is one that falls outside the scope of the audit it argued was necessary, and it is contrary to the one the Commission understood would be undertaken based upon Staff’s statements at hearing. Additionally, and as noted in Eversource’s initial filing, the consultant costs in issue here are the same costs for which full recovery has been permitted for Unitil Energy Systems. *See* Order No. 26,007 (April 20, 2017) in Docket No. DE 16-384. In that these are the same costs, there is no good

policy reason to permit recovery for one utility, but deny it for another.<sup>2</sup> Eversource has not sought to profit from recovery these costs, or to harm customers. Rather it has sought to recover the costs incurred by others as it is entitled to do by law, and in a manner the Commission has determined is just and reasonable. Accordingly, for the reasons stated, the Commission should not adopt the Staff recommendation, but should permit Eversource to recover the costs the Commission has determined Eversource is entitled to collect.

Respectfully submitted,

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

February 6, 2018  
Date

By: 

Matthew J. Fossum  
Senior Counsel  
780 North Commercial Street  
Post Office Box 330  
Manchester, New Hampshire 03105-0330  
(603) 634-2961  
Matthew.Fossum@eversource.com

**CERTIFICATE OF SERVICE**

I hereby certify that, on the date written below, I caused the attached to be served pursuant to N.H. Code Admin. Rule Puc 203.11.

February 6, 2018  
Date

  
Matthew J. Fossum

<sup>2</sup> Moreover, Eversource notes that the expenses incurred by UES were not part of any Staff audit. The audit in Docket No. DE 16-384 concluded prior to UES booking consultant costs from the Grid Modernization and Net Metering dockets, see Attachment JJC-1 to November 16, 2016 Testimony of James Cunningham in Docket No. DE 16-384. Nonetheless, UES was permitted full recovery of consultant costs through its settlement with the Staff and OCA, which the Commission approved in Order No. 26,007. It is unclear how an audit focused on confirming relevant calculations may be used as a basis to deny recovery to Eversource, when no audit of any kind was required of another company seeking identical relief.

07/30/15

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

**IR 15-296**

**ELECTRIC DISTRIBUTION UTILITIES**

**Investigation into Grid Modernization**

**ORDER OF NOTICE**

On July 8, 2015, the Governor signed House Bill 614, implementing goals of the state 10-year energy strategy developed by the New Hampshire Office of Energy and Planning. The “strategy document” can be found at <http://www.nh.gov/oep/energy/programs/documents/energy-strategy.pdf>.

Pursuant to House Bill 614, the Commission “shall open a docket on electric grid modernization on or before August 1, 2015.” The strategy document states that “[g]rid modernization refers to a wide range of actions aimed at ensuring that the electric grid is more resilient and flexible, better able to integrate variable energy sources and demand side management, and capable of providing real-time information to help customers manager this energy use and reduce energy cost.”

Grid modernization is a broad topic that encompasses many elements, including replacement of aging infrastructure, outage management, the integration of distributed generation, and education of customers on how to manage their energy use for the benefit of the electric delivery system and to minimize energy costs. Grid modernization includes the incorporation of “smart meters”, however, pursuant to RSA 374:62, no electric utility is allowed to install a smart meter device without the written consent of the customer.

07/30/15  
IR 15-296

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Given the breadth of the topic, the strategy document suggests that the Commission conduct an investigation or information-gathering proceeding as a first step, to give stakeholders a chance to learn about grid modernization and to explore to what extent that grid modernization is workable in New Hampshire. The Commission has decided to follow the suggestion. Interested parties will have until September 17, 2015 to provide comment on the definition, or elements, of grid modernization that should be included in this investigation. The Commission is also interested in hearing from parties who have expert knowledge in grid modernization. Finally, the Commission directs Staff to schedule a technical session following the receipt of comments to determine whether the parties can agree on the scope of this investigation and to develop a procedural schedule.

The electric distribution utilities shall be mandatory parties to this proceeding.

Subsequent filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at [www.puc.nh.gov](http://www.puc.nh.gov).

**Based upon the foregoing, it is hereby**

**ORDERED**, that interested parties file comments on the scope of this investigation no later than September 17, 2015, such filing to be consistent with the requirements of N. H. Code Admin. Rules Puc 203.02; and it is

**FURTHER ORDERED**, that, following review of those comments, the Staff shall schedule a technical session to discuss whether agreement can be reached on the scope of the investigation and to develop a procedural schedule; and it is

07/30/15  
IR 15-296

- 3 -

**FURTHER ORDERED**, that pursuant to N.H. Code Admin. Rules Puc 203.12, the Executive Director shall notify all persons of this investigation by publishing a copy of this Order of Notice no later than July 31, 2015, by causing it to be posted on the Commission's website.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of July, 2015.



Debra A. Howland  
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

**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.

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f.anne.ross@puc.nh.gov	molly.connors@nh.gov
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jarvis@unitil.com	rclouthier@snhs.org

Docket #: 15-<sup>296</sup>~~137~~-1 Printed: July 30, 2015

**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.

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**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.

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15-296

Docket #: ~~14-338-1~~ Printed: July 30, 2015

**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.

**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.

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15-296

Docket #: ~~14-216-1~~ Printed: July 30, 2015

**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  
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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.

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05/19/16

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

**DE 16-576**

**ELECTRIC DISTRIBUTION UTILITIES**

**Development of New Alternative Net Metering Tariffs and/or  
Other Regulatory Mechanisms and Tariffs for Customer-Generators**

**ORDER OF NOTICE**

New Hampshire House Bill 1116 (HB 1116), amended several provisions of RSA 362-A:9, the net energy metering section of the Limited Electrical Energy Producers Act, RSA 362-A, effective as of May 2, 2016. Pursuant to new paragraph XVI of RSA 362-A:9, the Commission is required to initiate a proceeding to develop new alternative net metering tariffs, which may include other regulatory mechanisms and tariffs for customer-generators, and determine whether and to what extent such tariffs should be limited in their availability within each electric distribution utility's service territory.

In developing such alternative tariffs and any limitations on their availability, RSA 362-A:9, XVI requires that the Commission consider: the costs and benefits of customer-generator facilities; an avoidance of unjust and unreasonable cost shifting; rate effects on all customers; alternative rate structures, including time based tariffs; whether there should be a limitation on the amount of generating capacity eligible for such tariffs; the size of facilities eligible to receive net metering tariffs; timely recovery of lost revenue by the utility using an automatic rate adjustment mechanism; and electric distribution utilities' administrative processes required to implement such tariffs and related regulatory mechanisms. The Commission is authorized to waive or modify specific size limits and terms and conditions of service for net metering

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specified in RSA 362-A:9, I, III, IV, V, and VI that it finds to be just and reasonable in the adoption of alternative tariffs for customer-generators. The Commission is also authorized to approve time and/or size limited pilots of alternative tariffs.

In connection with such alternative net metering tariff development, the Commission will be guided by the legislative purposes stated in HB 1116, including, among other things, the continuance of reasonable opportunities for electric customers to invest in and interconnect customer-generator facilities and receive fair compensation for such locally produced power while ensuring costs and benefits are fairly and transparently allocated among all customers, and the promotion of a balanced energy policy that supports economic growth and energy diversity, independence, reliability, efficiency, regulatory predictability, environmental benefits, a fair allocation of costs and benefits, and a modern and flexible electric grid that provides benefits for all ratepayers.

Pursuant to new paragraph XVII of RSA 362-A:9, the Commission shall issue an order initially approving or adopting such alternative tariffs, which may be subject to change or adjustment from time to time, within ten months of the effective date of HB 1116 (i.e., on or before March 2, 2017).

As required under RSA 362-A:9, XVI, the Commission opens a docket to develop new alternative net metering tariffs, which may include other regulatory mechanisms and tariffs for customer-generators. The electric distribution utilities regulated by the Commission shall participate as mandatory parties to this proceeding. Other interested persons may seek permission to intervene, as described in the ordering paragraphs below. Each party has the right to have an attorney represent the party at the party's own expense.

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The proceeding shall commence with a prehearing conference and a technical session, during which the following relevant matters, among others, are expected to be addressed:

1. The performance of marginal cost of service studies by the three regulated electric distribution utilities and the anticipated completion and filing dates for such studies;
2. The timing and sequence of filing by the three regulated electric distribution utilities and other parties of proposed alternative net metering tariffs, which may include other regulatory mechanisms and tariffs for customer-generators;
3. The extent to which any such tariff or alternative filing must be supported by pre-filed written testimony and related studies and documentation;
4. The necessity for and timing of submission of briefs or memoranda of law regarding any relevant legal issues;
5. The anticipated need to submit any information claimed to be confidential and the procedures for handling such confidential information; and
6. The procedural schedule for the proceeding, including, without limitation, filing dates, discovery deadlines, submission of initial and rebuttal testimony, future technical sessions, potential settlement conferences, and hearing dates and times.

The proceeding raises, inter alia, issues related to the development of alternative net energy metering tariffs and/or other regulatory mechanisms and tariffs, as provided under RSA 362-A:9, XVI. This Order and any subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at [www.puc.nh.gov](http://www.puc.nh.gov).

**Based upon the foregoing, it is hereby**

**ORDERED**, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 South Fruit Street, Suite 10, Concord, New Hampshire, on June 10, 2016 at 9:00 a.m., at which each party will provide a preliminary statement of its position with regard to relevant matters and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15; and it is

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DE 16-576

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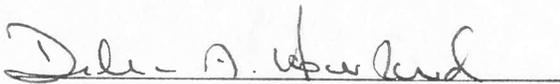
**FURTHER ORDERED**, that, immediately following the Prehearing Conference, the electric distribution companies, Commission Staff, and any interveners hold a Technical Session to review relevant matters and to develop a procedural schedule for the proceeding; and it is

**FURTHER ORDERED**, that, pursuant to N.H. Code Admin. Rules Puc 203.12, the Executive Director shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice on the Commission's website no later than May 23, 2016; and it is

**FURTHER ORDERED**, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene, with copies sent to the Office of the Consumer Advocate and all parties listed on the Commission's service list for this proceeding, on or before June 7, 2016, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities, or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32, I (b); and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said Objection on or before June 10, 2016.

By order of the Public Utilities Commission of New Hampshire this nineteenth day of May, 2016.



Debra A. Howland  
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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Docket #: 16-576-1 Printed: May 19, 2016

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