

BIENNIAL REPORT

2020 - 2021

Public Utilities
Commission

Christopher T. Sununu
Governor

Joseph D. Kenney
Executive Councilor
District 1

Cinde Warmington
Executive Councilor
District 2

Janet Stevens
Executive Councilor
District 3

Theodore L. Gatsas
Executive Councilor
District 4

David K. Wheeler
Executive Councilor
District 5

November 30, 2021

His Excellency, Governor Christopher T. Sununu, and the Honorable Executive Council,

Pursuant to RSA 363:24, I am pleased to submit the biennial report of the New Hampshire Public Utilities Commission for fiscal years 2020 and 2021. Since the creation of the Department of Energy transferred many former functions from the Commission, this report reflects the activities for the biennium; which remain in the Commission's purview.

Respectfully Submitted,



Daniel C. Goldner
Chairman
Public Utilities Commission





Mission Statement

- To ensure that customers of regulated utilities receive safe, adequate, and reliable service at just and reasonable rates.
- To foster competition where appropriate. To provide necessary customer protection.
- To provide a thorough but efficient regulatory process that is fair, open, and innovative.
- To perform our responsibilities ethically and professionally in a challenging and supportive work environment.

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History

The New Hampshire Public Utilities Commission has its origins in an 1838 statute that provided for appointment of commissioners with limited powers regarding railroads in the state. This was the first attempt by the state to regulate transportation. In 1911, comprehensive legislation instituted a new system for establishing and regulating public utilities and railroads. As a result, the Public Service Commission was created as a state tribunal and given broad supervisory and regulatory powers over public utilities. The name Public Service Commission was changed in 1951 to Public Utilities Commission (Commission). In 1979, the Legislature made the commissioners full-time and generally amended the structure and guidelines of the Commission. In 1985, the Department of Transportation was established, and the Commission's transportation-related functions were transferred to the new department.

Commission cases traditionally have focused on rates, financings, and franchises, with tariffs governing nearly all aspects of utility service. The granting of exclusive franchises to public utilities effectively results in monopoly power over customers. Regulation serves as a substitute for market forces to constrain that power.

In 1996, a law was passed that initiated the restructuring of the electric utility industry in New Hampshire. The goal of the restructuring was to reduce costs and harness the power of competitive markets by introducing customer choice with respect to a customer's energy provider. In 2018, the last of the utility-owned generation plants were sold, marking the completion of the transition from vertically integrated electric utilities to distribution only utilities and electric utility restructuring in New Hampshire. The introduction of competitive suppliers and aggregators in New Hampshire's energy market expanded the scope of the Commission's regulatory purview.

Over the past two decades, the Commission has been occupied with issues in the regional energy markets. Often a decision made at the federal or regional level will have significant financial effects on New Hampshire ratepayers. By advocating for New Hampshire's interests at the regional and national level, we have been able to avoid millions of dollars that particular policy and market initiatives would have imposed on New Hampshire.

Without a state energy policy agency, the Commission's role expanded beyond its traditional functions and took a leading part in utility infrastructure safety, emergency response, and cyber security. The Commission administered the state's renewable portfolio standards statute and managed the Renewable Energy Fund and its rebate and competitive grant program.

Governor Sununu proposed creating a new Department of Energy as part of his 2022 – 2023 biennial budget. The enacted state budget removed program administration policy functions from the Commission effective July 1, 2021. The Commission maintains its responsibilities as the adjudicate body which oversees regulated utilities and utility related programs in the state.

Commissioners

Commissioners are appointed for six-year terms by the Governor, subject to Executive Council approval. Commissioner terms are staggered, with one term expiring every odd-numbered year. The Governor, with Executive Council approval, appoints one of the Commissioners as Chair. One Commissioner must be an attorney, and at least one of the remaining Commissioners must have experience in engineering, economics, accounting, or finance. The following individuals served as Commissioners for some time during 2020 and through December 1, 2021.

DANIEL C. GOLDNER was appointed to serve as Chairman of the Commission effective November 15, 2021; he has served as a Commissioner since May 5, 2021. Chair Goldner also chairs the Site Evaluation Committee and is a member of the Nuclear Decommissioning Finance Committee. Chair Goldner's term on the Commission expires July 1, 2025.

DIANNE MARTIN was appointed to serve as Chairwoman of the Commission. She began her term in November of 2019. Beyond her role as Commission Chairwoman, she served as Chairwoman of the Site Evaluation Committee and as a member of the Nuclear Decommissioning Finance Committee. Chairwoman Martin participated with the New England Conference of Public Utility Commissioners. Chairwoman Martin resigned effective November 12, 2021.

KATHRYN M. BAILEY was appointed Commissioner in July 2015. Commissioner Bailey served on the National Association of Regulatory Utility Commissioners Committee on Electricity and the New England Conference of Public Utility Commissioners Executive board. Commissioner Bailey was the New Hampshire Manager of the New England States Committee on Electricity and served on New Hampshire's Site Evaluation Committee and the Enhanced 911 Commission. Commissioner Bailey's term expired on July 1, 2021.

MICHAEL S. GIAIMO was appointed Commissioner in August 2017. He served on the Site Evaluation Committee and was a Director for the Regional Greenhouse Gas Initiative, Inc. He served on committees and in various capacities with the National Association of Regulatory Utility Commissioners and the New England Conference of Public Utilities Commissioners. He also served on the Commission to Study the Establishment of a State Department of Energy. Commissioner Giaimo resigned effective October 9, 2020.

Operations

The Public Utilities Commission is vested with general jurisdiction over electric, natural gas, and water and sewer utilities as defined in RSA 362:2 for issues such as rates, quality of service, finance, accounting, and safety and with limited jurisdiction over telecommunications as defined in 362:7, 362:8, 363:22 and 365:1.

The Public Utilities Commission regulates public utilities defined in RSA 362:2 and their affiliates as defined in RSA 366:1, II. Typically, these are investor-owned electric, telephone, natural gas, water, sewer, and steam utilities. The Commission is the arbiter between the interests of these utilities and their customers. The regulatory process necessarily requires public hearings, audits of public utilities, and other forms of inquiry and investigation to ensure that the utilities provide high-quality service at rates that are just and reasonable for both the customer and the utility.

The Commission investigates issues ranging from existing or proposed rates, charges, and classifications; rules and regulations; financings; and other utility regulatory matters to municipalities' acquisition of utility plants. These may be the subject of informal investigations or formal hearings in which the Commissioners sit in a quasi-judicial capacity. There are specific issues that, by statute, require a hearing. Hearings before the Commission are open to the public and are transcribed by a court reporter.

Electric Utilities

Four electric distribution companies operate in New Hampshire, each serving a mutually exclusive franchise territory.

Eversource Energy (Eversource) (formerly PSNH), a subsidiary of Northeast Utilities, serves approximately 70 percent of the retail customers in New Hampshire. The company serves geographically and demographically diverse areas, ranging from urban, southern areas to rural, northern areas of the state. Eversource, as PSNH sold its share of the Seabrook Nuclear Power Facility in December 2002 in compliance with RSA 369-B and the PSNH Restructuring Settlement Agreement, still owns fossil and hydropower facilities. In January 2004, Eversource, then PSNH, acquired Connecticut Valley Electric Company (CVEC). See Order No. 24,176. CVEC, which operated in the state's western region, served approximately two percent of the retail customers in New Hampshire. CVEC's customers became customers of PSNH, now Eversource, and now pay the same rates as other Eversource customers. Following the completion of the acquisition, CVEC and Central Vermont Public Service Company (CVPS) withdrew their claims in Federal court and at the Federal Energy Regulatory Commission (FERC), thus resolving all remaining restructuring-related litigation.

Liberty Utilities (Liberty) (formerly National Grid and Granite State Electric Company), a franchise territory that included western and southern areas of the state, serves approximately 45,000 customers in 21 communities, approximately six percent of the retail customers in New Hampshire. With the completion of a transfer of ownership in mid-2012, GSEC (formerly a subsidiary of National Grid) became a subsidiary of Liberty Utilities.

Unitil Energy Systems, Inc. (UES) (formerly Concord Electric Company and Exeter and Hampton Electric Company), a subsidiary of Unitil Corporation, was formed when Unitil consolidated two former subsidiaries, Concord Electric Company and Exeter and Hampton Electric Company. Combined, these companies serve approximately 77,200 customers, approximately 11 percent of New Hampshire's retail customers in the Seacoast and Capital areas.

The New Hampshire Electric Cooperative, Inc. (NHEC) provides electric service to about 11 percent of retail customers throughout the central part of New Hampshire.

Gas

New Hampshire has two regulated gas distribution utilities serving approximately 133,000 customers - Liberty Utilities/EnergyNorth and Unitil/Northern Utilities.

Liberty Utilities/EnergyNorth

Liberty Utilities provided service to approximately 98,000 gas customers as of December 31, 2020. Liberty's service area covers the Merrimack River valley from Nashua to the Lakes Region and a small portion of Berlin. Liberty also owns and operates a propane air system that serves approximately 1,200 customers in Keene. Liberty Utilities has a regional corporate operations center in Londonderry and natural gas operations facilities in Nashua, Manchester, and Tilton.

Unitil/Northern Utilities, Inc.

Unitil provided service to approximately 35,000 gas customers as of December 31, 2020. Unitil's service area covers the southeastern and seacoast areas of New Hampshire. Unitil has an operations facility in Portsmouth and corporate operations in Hampton.

Water Utilities

The Commission regulates 10 water utilities. The 10 water utilities own approximately 105 separate systems, ranging in size from 37 customers to about 28,300. Pennichuck Water Works, Inc. is the largest, serving the greater Nashua area and several smaller systems in the southern part of the state.

The 10 water utilities regulated by the PUC serve only around 15% of all of New Hampshire's residents. The large majority of residents are served by either a municipal utility or by private wells. It is estimated that 38% of New Hampshire residents receive their water from private, on-site wells.

Utility	Area Served
Aquarion Water Company of New Hampshire	Towns of Hampton, North Hampton; limited area of Rye; and limited areas of Belmont, Bow, Carroll, Crawford's Purchase and Gilford
Forest Edge Water Company	Limited area of Conway
Fryeburg Water Company	Limited area of Conway
Hampstead Area Water Company, Inc.	Limited areas of Atkinson, Chester, Danville, East Kingston, Fremont, Hampstead, Kingston, Newton, Nottingham, Plaistow, Salem, Sandown, and Strafford
Lakes Region Water Company	Limited areas of Albany, Campton, Conway, Freedom, Gilford, Laconia, Moultonborough, Ossipee, Tamworth, Thornton and Tuftonboro
Mill Brook Village Water System	Limited area of Thornton
Pennichuck Water Works, Inc.	City of Nashua, Town of Amherst; limited areas of Bedford, Derry, Epping, Hollis, Merrimack, Milford, Newmarket, Newton, Plaistow, Salem and Tyngsborough, MA
Pennichuck East Utility, Inc.	Towns of Litchfield, Pelham, Windham; limited areas of Atkinson, Barnstead, Bow, Chester, Conway, Derry, Exeter, Hooksett, Lee, Londonderry, Middleton, Plaistow, Raymond, Sandown, Tilton and Weare
Pittsfield Aqueduct Company, Inc.	Town of Pittsfield
West Swanzey Water Company, Inc.	Limited area of Swanzey

In order 26,549 the Commission authorized the acquisition of Abenaki Water Company, Inc. by Aquarion Water Company of New Hampshire (Aquarion Water). This continues a recent trend of consolidation of regulated water utilities.

In general, the Commission does not regulate municipal water and sewer utilities. Municipal utilities include the town- or city-owned systems, districts and precincts where customers participate in the management of the utilities through a democratic voting process. Only in circumstances where a municipal water or sewer utility serves customers outside its corporate boundaries does state law require Commission review. The municipal utility is not regulated if the rates charged to customers outside its boundaries are the same as those set within. If the municipal utility wishes to assign its outside customers a higher rate, it must seek Commission approval. However, a municipal water utility may charge new customers outside its boundaries a rate up to 15% higher than its inside customers and remain exempt from regulation if those new customers are added through the main extension or other expansion of the municipal system.

Sewer Utilities

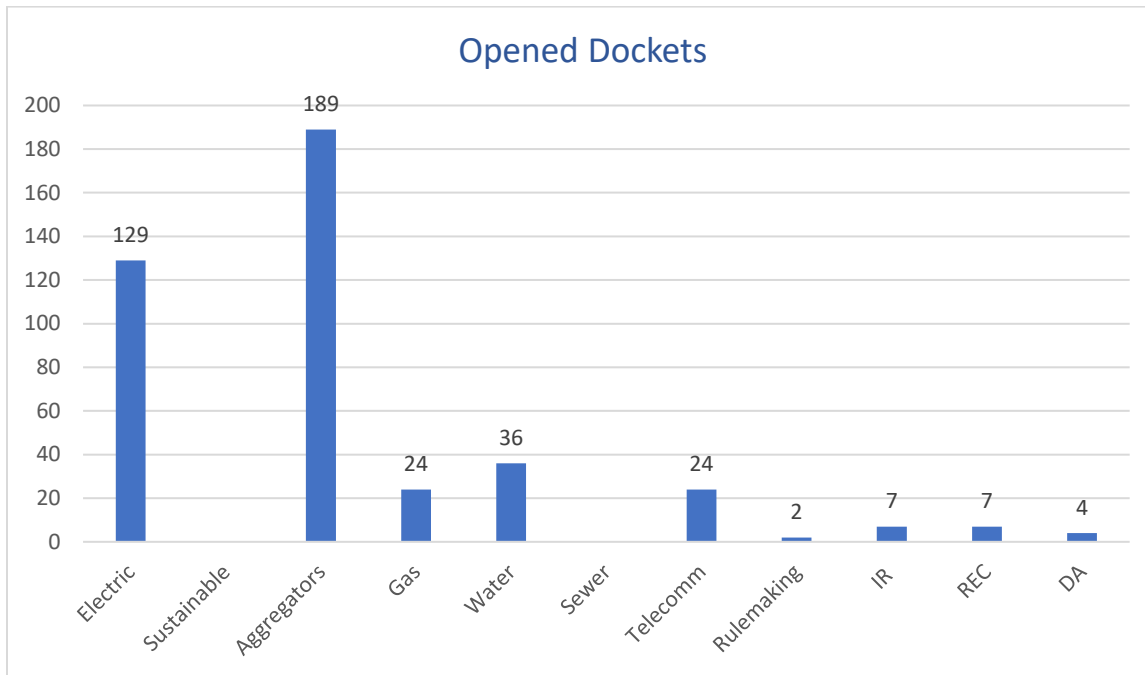
The Commission regulates five sewer utilities, which is unchanged since the previous biennial period.

Utility	Area Served
Abenaki Water Company-Belmont	Belmont
Atkinson Area Waste Water Recycling	Atkinson
Bedford Waste Services Corp.	Bedford
Bodwell Waste Services Corp.	Manchester, Londonderry
Lorden Commons Sewer Company, LLC	Londonderry

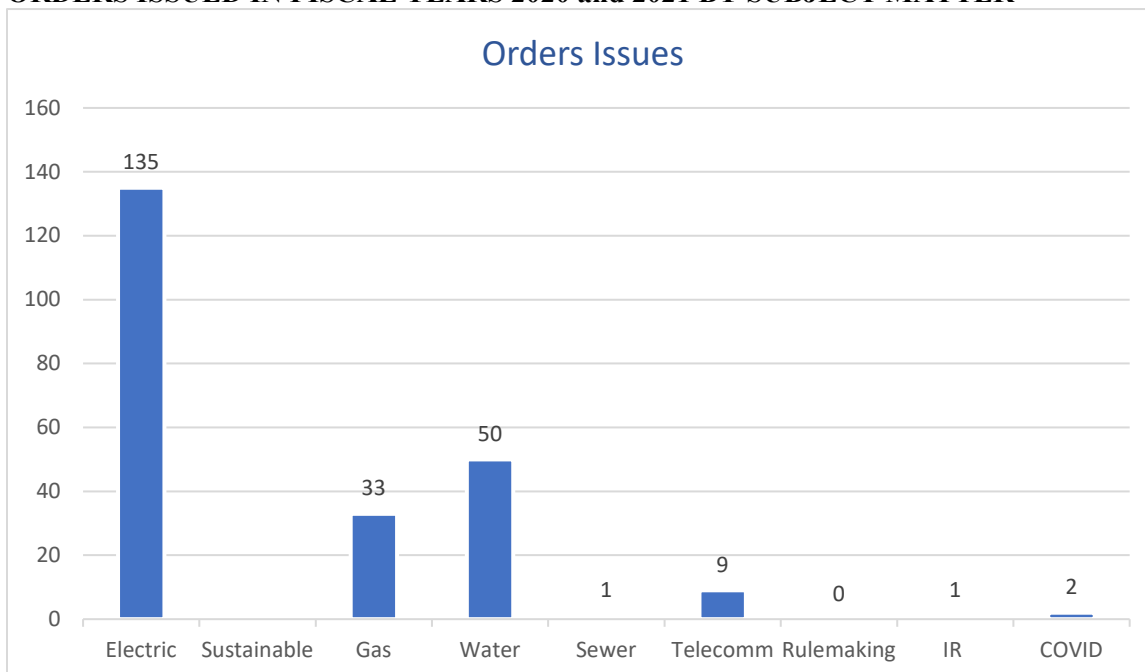
Commission Proceedings

The bulk of the Commission's proceedings concern the ongoing oversight of regulated utilities and the adjudication of proposed changes to utility tariff rates. Matters pertaining to electric tariffs and aggregators made up the majority of the Commission's docket load.

DOCKETS OPENED IN FISCAL YEARS 2020 and 2021 BY SUBJECT MATTER



ORDERS ISSUED IN FISCAL YEARS 2020 and 2021 BY SUBJECT MATTER



Legislation

RSA 363:24 requires the Commission to recommend in this report any suggestions and recommendations as to needed legislation or as to other matters affecting public utilities. Given the recently enacted reforms and structural reorganization, the Commission feels that at present no significant legislative changes, are necessary. The Commission has worked with the Department of Energy, to notify members of the Legislature on technical corrections related to the recent reorganization which it anticipates being included in a bill for the upcoming legislative session.

The Site Evaluation Committee

The Site Evaluation Committee (SEC) is administratively attached to the Department of Energy; however, the Chair of the Public Utilities Commission jointly serves as the Chair of the SEC (Chair). The Vice-Chair of the SEC is the Commissioner of the Department of Environmental Services. The position of SEC Administrator was established in a 2014 statute and reports to the Chair. The two Commissioners of the Public Utilities Commission are also members of the SEC, as are the Commissioners of the Department of Transportation, Department of Natural and Cultural Resources, and the Department of Business and Economic Development. Two members of the public, appointed by the Governor, with the consent of the Executive Council, are also members of the SEC.

Legislation passed in 2018 increased the pool of public members that can be assigned to subcommittees from two to five and authorized the Chair of the SEC to develop an impartial methodology for conducting a random draw of the public members to be assigned to subcommittees. It added a requirement for all committee members and any designee to a subcommittee to complete an intensive training course annually conducted by the New Hampshire Department of Justice.

RSA 162-H:8-a, requires the SEC to review and evaluate the application and filing fees established in the statute on an annual basis. In 2018, the SEC voted to recommend to the Fiscal Committee an across-the-board increase in the fees of 20 %. The Fiscal Committee reviewed and approved the recommended fee increase on October 19, 2018. The SEC conducted its annual review of the fees in 2019 and did not take any action related to the fees. During the ongoing 2021 Legislative Session a number of bills have been considered which aim to make changes to the SEC's fee and operating structure.

SEC Projects

During the biennial period, the SEC completed the administrative process for the following projects:

- Application of Chinook Solar, LLC for Construction of a Solar Energy Generation Facility.
- Petition for Declaratory Ruling of the Antrim Level LLC.
- Joint Petition for Approval of the Transfer of Membership Interests in BAIF Granite Holdings LLC and Granite Reliable Power, LLC to Tusk Wind Holdings III, LLC.



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