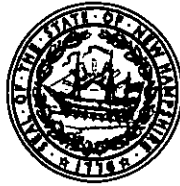


CHAIRWOMAN  
Dianne Martin

COMMISSIONERS  
Kathryn M. Bailey  
Michael S. Giaimo

EXECUTIVE DIRECTOR  
Debra A. Howland

STATE OF NEW HAMPSHIRE



PUBLIC UTILITIES COMMISSION  
21 S. Fruit St., Suite 10  
Concord, N.H. 03301-2429

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TDD Access: Relay NH  
1-800-735-2964

Tel. (603) 271-2431

FAX No. 271-3878

Website:  
[www.puc.nh.gov](http://www.puc.nh.gov)

December 1, 2019

His Excellency, Governor Christopher T. Sununu  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

The Biennial Report for Fiscal Years 2018 and 2019 is filed pursuant to RSA 363:24, which requires that the commission shall publish and file with the Governor and Council, a report not later than December 1 of each odd-numbered year. This report contains, among other things, an account of the New Hampshire Public Utilities Commission proceedings for the previous biennium.

Sincerely,

Handwritten signature of Dianne Martin in cursive script.  
Dianne Martin  
Chairwoman

# New Hampshire Public Utilities Commission



**BIENNIAL REPORT**

*July 1, 2017 - June 30, 2019*

**Christopher Sununu**  
Governor

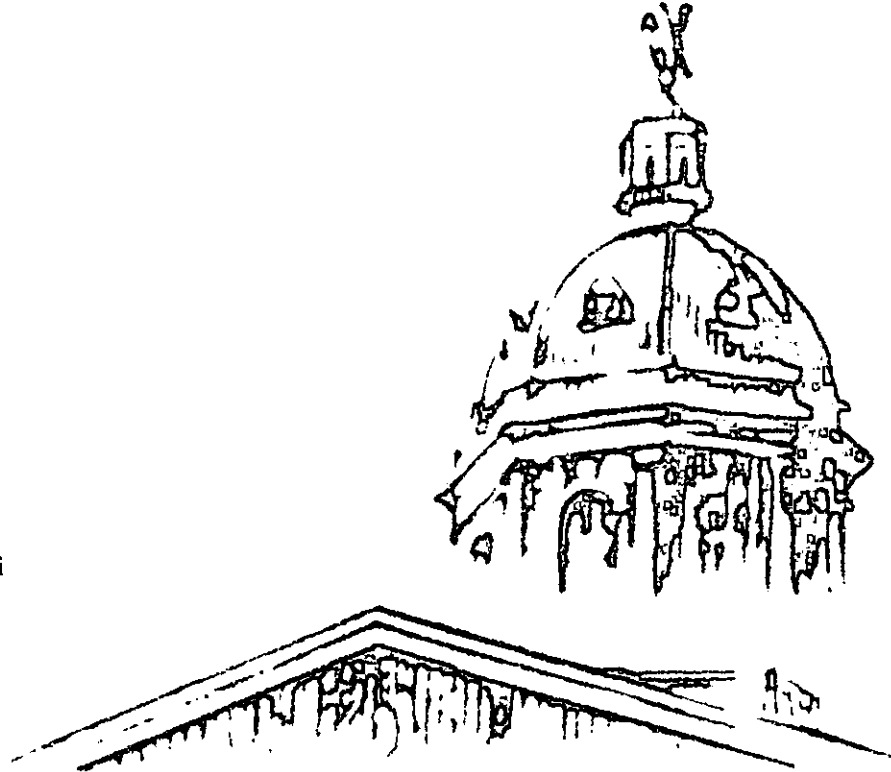
**Michael J. Cryans**  
Executive Councilor  
District 1

**Andru Volinsky**  
Executive Councilor  
District 2

**Russell E. Prescott**  
Executive Councilor  
District 3

**Theodore L. Gatsas**  
Executive Councilor  
District 4

**Debora B. Pignatelli**  
Executive Councilor  
District 5



November 27, 2019

His Excellency, Governor Christopher Sununu, and the Honorable Executive Council:

Pursuant to RSA 363:24, we are pleased to submit the biennial report for the New Hampshire Public Utilities Commission for fiscal years 2018 and 2019.

Respectfully,

Dianne Martin  
Chair

Kathryn M. Bailey  
Commissioner

Michael S. Giaimo  
Commissioner

## MISSION

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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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 any state to regulate transportation. In 1911, comprehensive legislation instituted a new system for the establishment and regulation of 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 restructuring was to reduce costs and harness the power of competitive markets by introducing customer choice with respect to a customer's provider of energy. 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 development of renewable energy resources and the introduction of competitive suppliers and aggregators in New Hampshire's energy market have expanded the scope of the Commission's regulatory purview from its traditional focus on rates, financings and franchises.

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 certain policy and market initiatives would have imposed on New Hampshire.

Competition in the telephone industry has also made inroads in the New Hampshire market, first with competitive toll providers, followed by competitive local exchange providers. With the advance of competition into traditional utility services, the work of the Commission has assumed a greater focus on wholesale relationships between providers and managing the interactions of incumbents and new players entering the field.

The Commission established a Sustainable Energy Division in 2008 to administer the state's renewable portfolio standards statute. In addition to managing the Renewable Energy Fund and its rebate and competitive grant program, the Sustainable Energy Division also certifies new solar, wind and other renewable resource generators to produce and trade Renewable Energy Certificates, as well as other aspects of New Hampshire's focus on renewable energy sources.

The Commission now plays a leading role in utility infrastructure safety, emergency response, and cyber security.

# COMMISSIONERS AND ORGANIZATION CHART

BIENNIAL REPORT 2019

## 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.

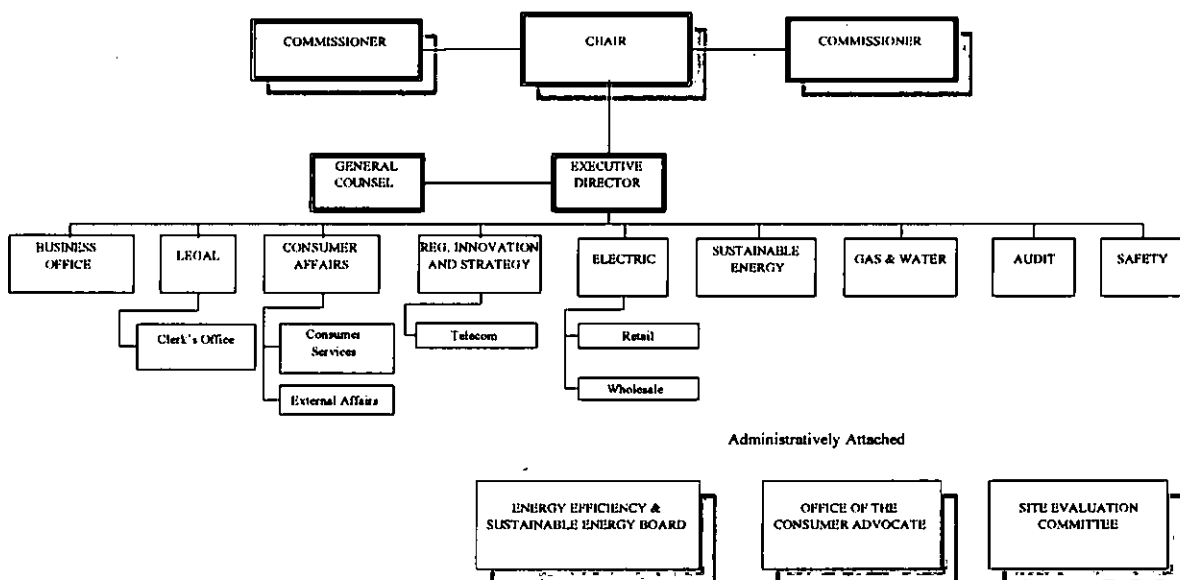
**MARTIN P. HONIGBERG** was appointed Commissioner in December 2013 and confirmed as the Chair in December 2014. He also served as Chair of the Site Evaluation Committee and was a member of the Nuclear Decommissioning Finance Committee. He was a member of National Association of Regulatory Utility Commissioners Gas Committee. He served on the Executive Committee and was President of the New England Conference of Public Utility Commissioners. His term on the Commission ended in August of 2019.

**DIANNE MARTIN** was recently appointed to serve as Chairwoman of the Commission. She began her term in November of 2019. Beyond her role as Commission Chairwoman, she serves as Chairwoman of the Site Evaluation Committee and as a member of the Nuclear Decommissioning Finance Committee. Chairwoman Martin participates with the New England Conference of Public Utility Commissioners. Chairwoman Martin's term on the Commission ends in June of 2025.

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

**MICHAEL S. GIAIMO** was appointed Commissioner in August 2017. He serves on the Site Evaluation Committee and is a Director for the Regional Greenhouse Gas Initiative, Inc. He serves 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 serves on the Commission to Study the Establishment of a State Department of Energy. His term on the Commission ends in June of 2023.

## ORGANIZATION CHART



# COMMITTEES

BIENNIAL REPORT 2019

The chart immediately below provides details on statutorily created committees and commissions on which representatives from the Public Utilities Commission serve.

COMMITTEE	ENABLING STATUTE	MEMBERSHIP AND DUTIES
Advisory council on emergency preparedness and security	RSA 21-P:48	The Council advises the Governor on issues relating to the state's ability to respond to natural and man-made disasters, and the preparation and maintenance of a state disaster plan.
Energy efficiency and sustainable energy board	RSA 125-o:5-a	The EESE Board was created to promote and coordinate energy efficiency, demand response, and sustainable energy programs in the state.
Enhanced 911 commission	RSA 106-H:3	The E911 Commission maintains a coordinated state-wide enhanced 911 system to improve emergency communications and response time to emergency calls for law enforcement, fire, medical, rescue, and other emergency services.
Nuclear decommissioning financing committee	RSA 162-F	The NDFC determines the projected costs of decommissioning the Seabrook nuclear power plant and assures the adequacy of the fund to meet those costs.
Site evaluation committee	RSA 162-H:3	The SEC evaluates petitions for certification to construct and operate energy facilities.
Telecommunications planning and development advisory committee	RSA 12-A:46	The Advisory Committee works with other state agencies, and telecommunications providers and users, to develop a statewide plan for telecommunications service.

## OTHER COMMITTEES

Commissioners and Staff participate in a number of national and regional organizations with committees that address a variety of issues within the Commission's purview. Those organizations (with their associated committees) include the New England States Committee on Electricity (NESCOE), the New England Conference of Public Utilities Commissioners (NECPUC), the National Association of Regulatory Utility Commissioners (NARUC), and the National Association of Pipeline Safety Representatives (NAPSR).



# COMMISSION FINANCES AND EXPENDITURES

BIENNIAL REPORT 2019

For each fiscal year of the period of this biennial report (July 1, 2017, to June 30, 2019), the activities of the Commission were funded primarily through assessments on the utilities the Commission regulates as well as on non-utility providers who fall within the Commission's registration and enforcement responsibilities.

Assessments are made pursuant to RSA Chapter 362 – Definition of Terms, Utilities Exempted, and RSA 363-A – Expenses of Public Utilities Commission against Certain Utilities. Some assessments were based on revenue earned, some were a set dollar amount (direct assessments), and others were a specified minimum amount (minimum assessments).

In addition to funds collected through the assessments, the Commission receives approximately 70 percent of the funding for its Safety Division, which is responsible for enforcing pipeline safety, from the federal government.

The Commission administers both the Energy Efficiency Fund (formerly the Greenhouse Gas Emissions Reduction Fund) and the Renewable Energy Fund and receives funding for its administrative costs from those funds. Both funds are non-lapsing, special funds.

The Energy Efficiency Fund supports efficiency programs offered by the electric and gas utilities, and provides rebates to electric ratepayers. The Renewable Energy Fund supports renewable energy initiatives in New Hampshire through competitive grants and rebates.

CLASSIFICATION	COMMISSION EXPENSES <sup>1</sup>	
	FY 2018	FY 2019
Salaries	\$4,898,092	\$5,043,641
Current Expenses	\$45,348	\$58,982
Rent & Lease- Other	\$6,999	\$8,011
Maintenance - Other	\$400	\$755
Organizational Dues	\$62,786	\$62,853
Transfers to OIT	\$632,702	\$603,050
Transfers to General Services	\$329,510	\$310,333
Intra-Agency Transfers	\$547,046	\$474,638
Equipment	\$55,233	\$15,115
Telecommunications	\$51,270	\$52,851
Indirect Costs	\$31,648	\$33,823
Audit Fund Set - Asides	\$663	\$674
Consultants	\$80,032	\$87,167
Transfers To Other Agencies	\$424,838	\$403,801
Other Personnel Services	\$36,670	\$79,485
Westlaw	\$44,306	\$45,646
Temp Full Time	-	\$16,039
Benefits	\$2,256,197	\$2,355,252
Retirees Health Insurance	\$270,703	\$262,242
Educational Training	\$5,335	\$8,991
Travel (In-State)	\$6,115	\$10,534
Grants - Non-Federal	\$19,234,148	\$19,231,334
Travel (Out of State)	\$62,872	\$74,230
<b>Total</b>	<b>\$29,782,912</b>	<b>\$29,239,444</b>

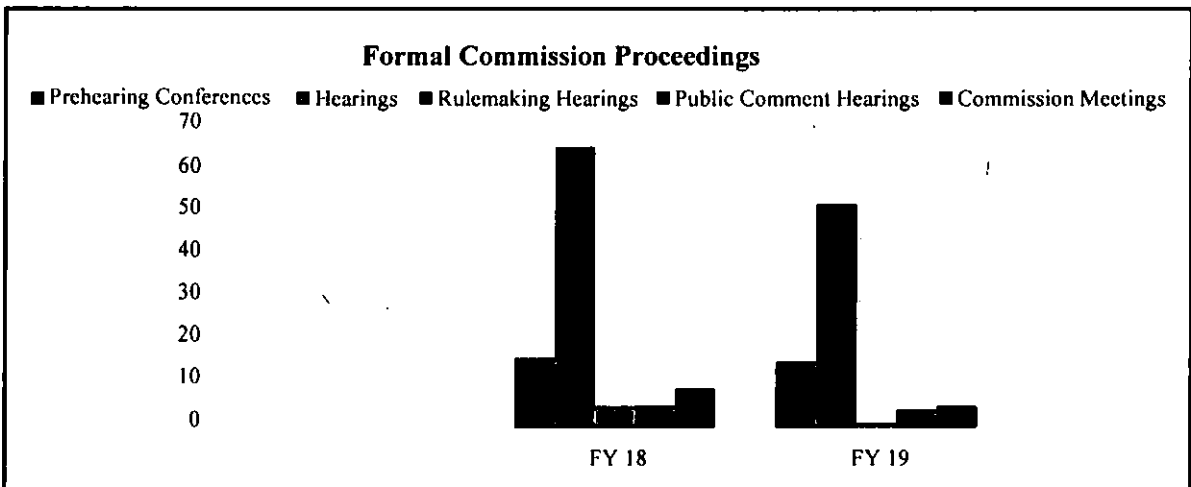
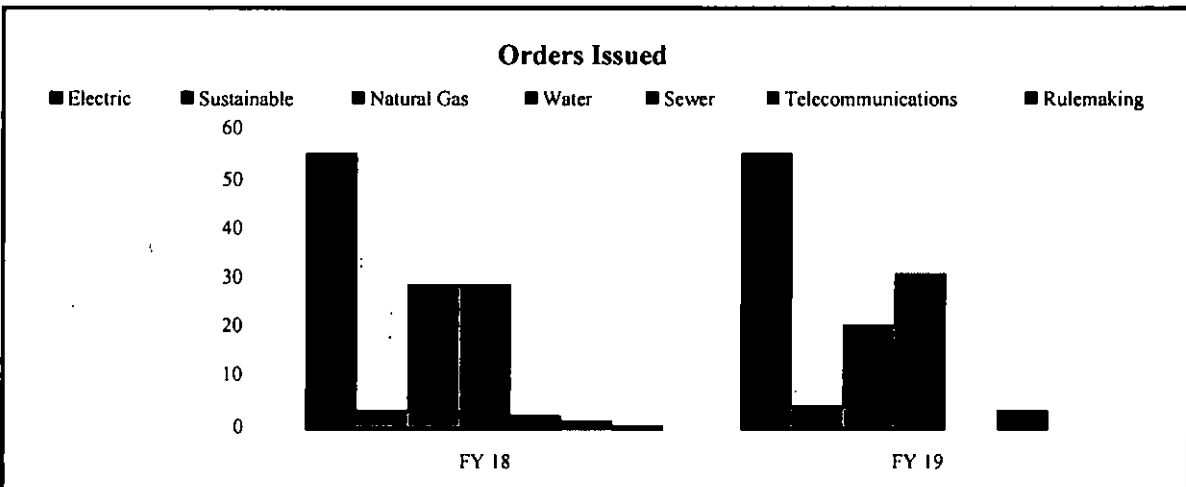
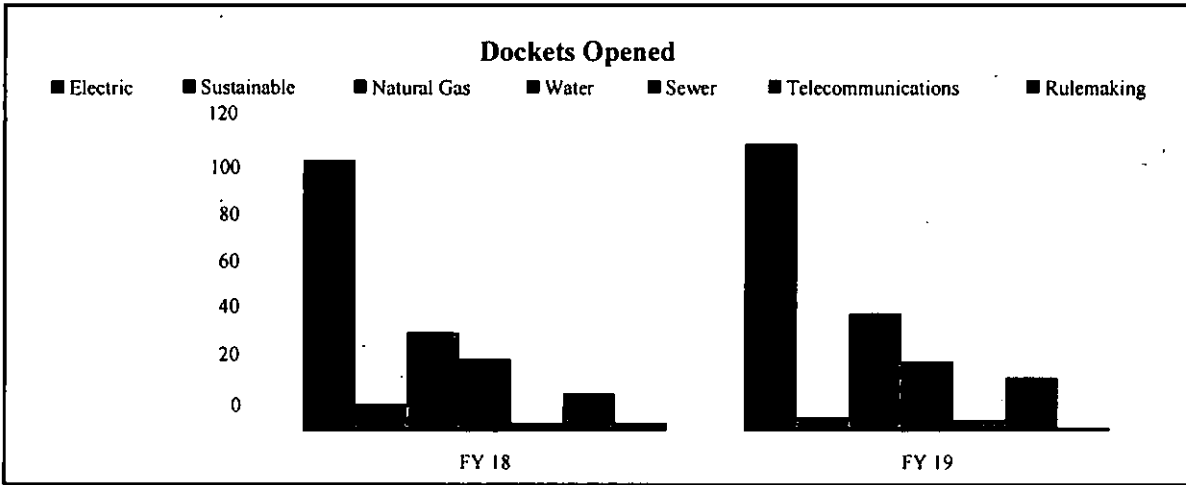
In Fiscal Year (FY) 2019, the Commission exercised varying degrees of oversight over more than 300 utility and non-utility providers. The Commission has 73 full-time employees including the commissioners.

<sup>1</sup> Source: NH First FY 2018 and FY 2019 Closing, dated 7/22/18 and 7/20/19. No special assessment expenses are included.

# COMMISSION PROCEEDINGS

BIENNIAL REPORT 2019

The charts below provide context with respect to the volume of dockets, orders and proceedings at the Commission.



## OVERVIEW

Among other things, the Audit Division reviews annual reports from regulated utilities, conducts full financial and compliance audits in utility rate cases and step adjustments, and conducts additional audits. During the past biennium, the Commission's Audit Division completed 93 audits of electric, gas, water, and wastewater utilities. An audit of one telecommunication company was also completed.

*Key Observation:  
During the past biennium, the Commission's Audit Division completed nearly 100 specific utility audits.*

## ANNUAL REPORTS

Annual reports are submitted to the Commission by each regulated utility. The Audit Division reviews all annual reports for compliance with respective Uniform System of Accounts standards, prior commission orders, settlement agreements, and rules. As necessary, the Audit Division also requests clarification or updated report pages. Calculations of rates of return, cost of capital, and return on equity are done during each review. During FY 2018 and FY 2019, 28 annual reports were reviewed.

## RATE CASES AND STEP ADJUSTMENTS

Rate cases are presented to the Commission when a utility determines that a change in rates should be requested because the utility has determined that it is either under- or over-collecting. The Audit Division conducts full financial and compliance audits as a part of each rate case, regardless of utility type or size. During the FY 2018 and 2019, ten rate case audits were completed.

Step adjustment audits are conducted after the conclusion of a rate case. Utility infrastructure placed in service after the test year, and for which the utility has received Commission approval to recover the associated costs through a step adjustment, is reviewed for compliance with Commission orders, settlement agreements, uniform system of accounts, and Commission rules. Following the audit and staff reviews, step adjustments allow for increases in the approved rates charged to customers. Step adjustments can apply to any type of utility.

The Water Infrastructure and Conservation Adjustment mechanism and Qualified Capital Project Adjustment Charge are similar to step adjustments, but apply solely to water utilities. In FY 2018, the Audit Staff completed five step adjustment audits, and in FY 2019, seven step adjustment audits were completed.

## ADDITIONAL AUDITS

Electric utilities file annual storm fund reports with the Commission. The Audit Division reviews the reports for compliance with prior Commission orders, settlement agreements, and the Federal Energy Regulatory Commission (FERC) uniform system of accounts. The Audit Division determines the accuracy of the revenue reported, expenses identified as relating to specific storms for collection through the fund, and accuracy of interest calculations. During FY 2018, one utility's report was audited, and three storm fund reports were audited in FY 2019.

At the conclusion of a rate case, the Audit Division reviews expenses incurred by the utility related to the rate case. Compliance with the Commission's rules and review for prudence and accuracy of accounting is also done. The Audit Division conducted two rate case expense audits over the course of the past two fiscal years.

Annual audits of the System Benefits Charge (SBC) are conducted by the Audit Division. The SBC is assessed on the bills of utility customers to fund public benefits related to the provision of service. The SBC includes funding for the Electric Assistance Program and funding for electric utility energy efficiency programs. Beginning in FY 2019, the SBC also funds a lost revenue adjustment mechanism (LRAM) for electric utilities. The LRAM restores the relationship between utility volumetric sales levels and the revenue requirements that were used in setting rates in each utility's last rate case. The SBC is collected from customers of the four electric utilities: Eversource, Liberty Utilities, Unitil Energy Systems, and the New Hampshire Electric Cooperative.

Similarly, the two gas utilities, Unitil Energy Systems (Northern) and Liberty Utilities, collect funds for low-income assistance and gas energy efficiency programs through the Local Distribution Adjustment Clause, or LDAC.

Within each fiscal year, the Audit Division conducted seven individual audits of the SBC and LDAC, for a total of fourteen during the biennium.

Summer and winter costs of gas are proceedings conducted annually for each of the two natural gas utilities and one propane system. The Audit Division conducts audits of the reported revenues and expenses, for accuracy of accounting and compliance with prior rate case settlement agreements and Commission orders. During FY 2018 and 2019, ten cost of gas audits were completed.

Environmental remediation and related costs are also reviewed during each gas utility's annual cost of gas proceedings. The Audit Division determines the accuracy of the reported remediation costs, and ensures that the rates included in the prior year's annual LDAC proceedings were properly collected from customers. During the fiscal period, four environmental audits were completed.

The Audit Division also conducts annual audits of the Regional Greenhouse Gas Initiative (RGGI) and the Renewable Energy Fund (REF). RGGI and REF audits are conducted as internal audits of the Commission itself. The RGGI audits are also conducted at the participating electric utilities. During FY 2018 and 2019, six RGGI/REF audits were completed.

# CONSUMER SERVICES AND EXTERNAL AFFAIRS

BIENNIAL REPORT 2019

## OVERVIEW

The Consumer Services Division assists utility customers in the resolution of informal complaints and provides information to help them understand their rights and responsibilities as customers of regulated utilities and non-regulated

competitive electric power suppliers. The

Consumer Services Division tracks consumer inquiries and monitors for trends that may indicate service quality, regulatory compliance or consumer protection issues requiring Commission attention. Consumer Services also educates consumers and other public interest groups in an effort to reduce disputes and to promote the public's understanding of utility services and practices, thereby assisting them in making informed choices about utility service and competitive options.

**Key Observation:**  
*Recently, the Commission adopted rules to provide additional consumer protections regarding door-to-door marketing activity by competitive electric power suppliers.*

## CONSUMER INQUIRIES

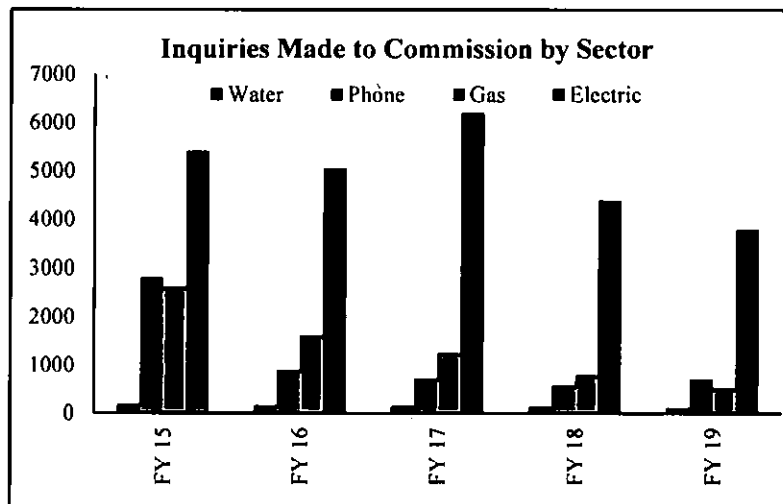
The Consumer Services Division receives, on average, between 8,000 and 9,000 contacts each year. As shown below, calls to the Consumer Services Division related to energy represent more than half the calls the Consumer Services Division receives.

Consumer calls about water utility service experience little change from year to year while gas related calls fluctuate somewhat each year.

Competition in the

telecommunications industry has led to consumers moving to competitive services and new technologies. As traditional landline telephone service has declined, calls to the Commission regarding telecommunications service have also declined.

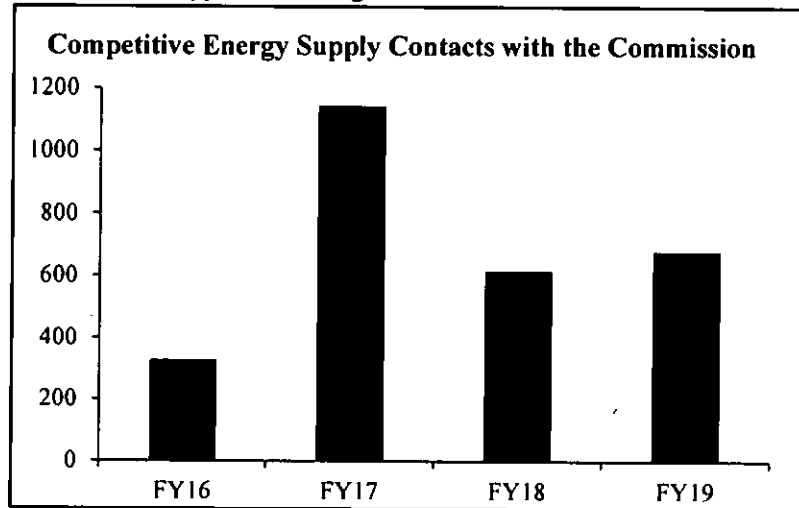
The number of requests for authorization to disconnect service to electric and gas accounts where the customer has been identified as having a medical condition remains high, but has declined from the prior biennium. In FY 2016, 820 requests were received, and 1,010 requests were received in FY 2017. In FY 2018, the Division received 819 requests, and 748 in FY 2019. The Consumer Services Division devotes considerable time to the review of these requests, working with these customers and connecting them to the various financial resources available to assist them.



# CONSUMER SERVICES AND EXTERNAL AFFAIRS

BIENNIAL REPORT 2019

There are seventeen competitive electric power suppliers offering service to residential customers in New Hampshire. Residential choice for electric energy supply continues to drive calls to the Consumer Services Division as more customers look to purchase energy supply from the competitive market. Customer calls to the Consumer Services Division about competitive electric power suppliers are often general questions about how the competitive energy market works.



During the past biennium, door-to-door marketing activity by competitive electric power suppliers caused considerable customer concern.

In FY 2018, the Commission adopted revised rules governing competitive electric power suppliers, enhancing disclosure requirements relative to price and adding additional consumer protections, including requirements specific to door-to-door sales.

## ELECTRIC ASSISTANCE PROGRAM

The Consumer Services Division oversees the administration of the Electric Assistance Program (EAP), a low-income electric bill assistance program funded through the System Benefits Charge authorized under RSA 374-F:4, VIII (c). Customers of Eversource, Liberty Utilities, New Hampshire Electric Cooperative, and Unitil support the program through a \$0.0015 per kWh charge on electric bills.

During the past biennium, income eligible households participating in the EAP received a total of \$32,076,451 in benefits. On average, 30,144 households participated in the EAP each month.

## CONSUMER EDUCATION

Educating consumers about their utility services and their rights and responsibilities as utility customers is an ongoing effort of the Commission. The Commission makes use of press releases and interaction with consumer groups and individual consumers to help consumers be better informed about utility services.

The Consumer Services Division participates in a series of annual statewide workshops with social service agencies to share information about utility service changes and how those changes may affect their clients. The workshops help facilitate contacts between the social service agencies and members of the Consumer Services Division, which results in better service to consumers.

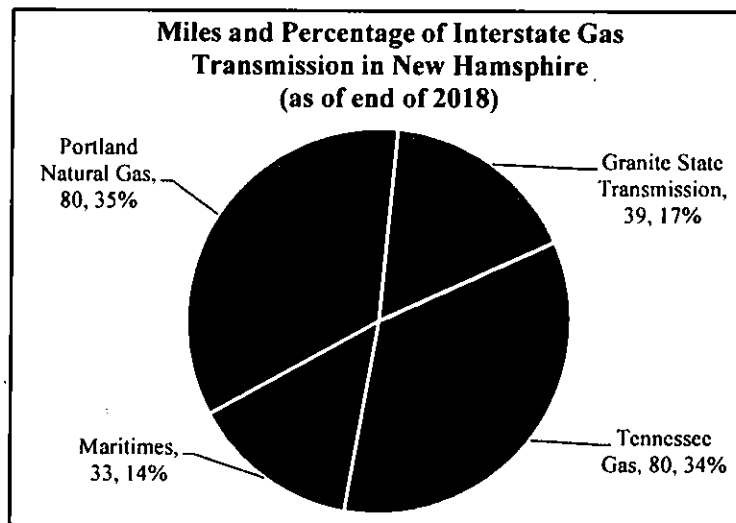
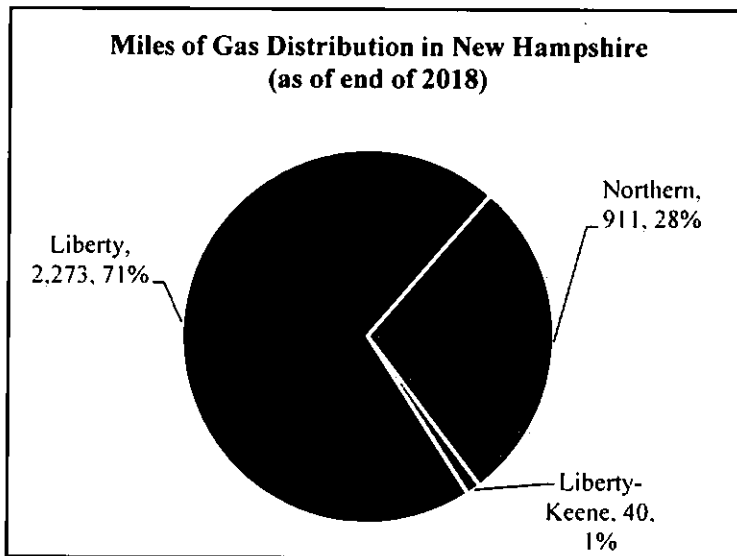
The Safety Division provides support to other divisions within the Commission and externally to other state agencies. Safety Division responsibilities include underground damage prevention, pipeline safety, electrical safety & reliability, emergency preparedness & emergency response, physical & cyber security, and engineering, geographic information systems, and technical and analytical expertise.

*Key Observation:  
The Safety Division received a perfect score during the latest U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration's evaluation for calendar year 2018.*

## PIPELINE SAFETY

The Safety Division oversees more than 3,225 miles of intrastate pipelines delivering gas to more than 127,500 customers within 54 communities in New Hampshire. Two natural gas utilities, two transmission operators, 21 liquid propane gas operators, one propane-air distribution company, one master meter operator, and two methane operators are inspected at least once per biennium, although most are inspected annually. The Division utilizes 30 natural gas inspection modules, many of which include customized versions of federal inspection forms. These modules are designed to provide guidelines for pipeline safety inspectors to conduct thorough inspections of gas operators using a risk based methodology.

In 2020, the Safety Division expects to complete approximately 200 scheduled inspections that will include a sampling of nearly 1,985 miles of distribution mains feeding 1,240 miles of distribution services supplying approximately 127,500 metered customers. New Hampshire has approximately 20 miles of intrastate transmission pipelines within the state. Areas served include 54 communities having a population of approximately 830,000.



The U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration's (PHMSA) Office of Pipeline Safety audits the Safety Division's Program each year and consistently awards the Division high scores. The Safety program received a perfect score during the latest evaluation for calendar year 2018. Maintaining a highly qualified and knowledgeable inspection staff is a critical element for a high rating.

In 2018 and 2019, the Safety Division attended joint inspections with PHMSA for the Portland Natural Gas Transmission System and the Portland Pipeline LLC (oil).

The incident history of gas distribution pipelines reveals infrequent pipeline incidents; in fact, during the 2018-19 biennium, no incidents were recorded in New Hampshire. On September 13, 2018, a series of structure fires and explosions occurred in northeast Massachusetts after high-pressure natural gas was released into a low-pressure natural gas distribution system. This pipeline incident had national and regional implications. The natural gas distribution system was owned and operated by Columbia Gas of Massachusetts, a subsidiary of NiSource, Inc. One person was killed; and 22 individuals, including three firefighters, sustained injuries as a result of these explosions. Property damage was significant. The National Transportation Safety Board immediately launched an investigation as to root causes and issued a final report in October 2019. Congressional hearings were held regarding the incident, and several changes are being sought at the federal level to minimize the potential for reoccurrence in other places.

The Safety Division provided resources to the Massachusetts Department of Public Utilities to assist with the regulatory oversight of this monumental incident and restoration effort.

Two weeks following the incident in Massachusetts, the Commission issued a directive to both Northern Utilities and Liberty Utilities to take 13 immediate actions, and within 60 days provide a written response with detailed plans, to minimize the possibility of over pressurizing systems. The Safety Division reviewed the responses and continues to closely monitor the gas utilities.

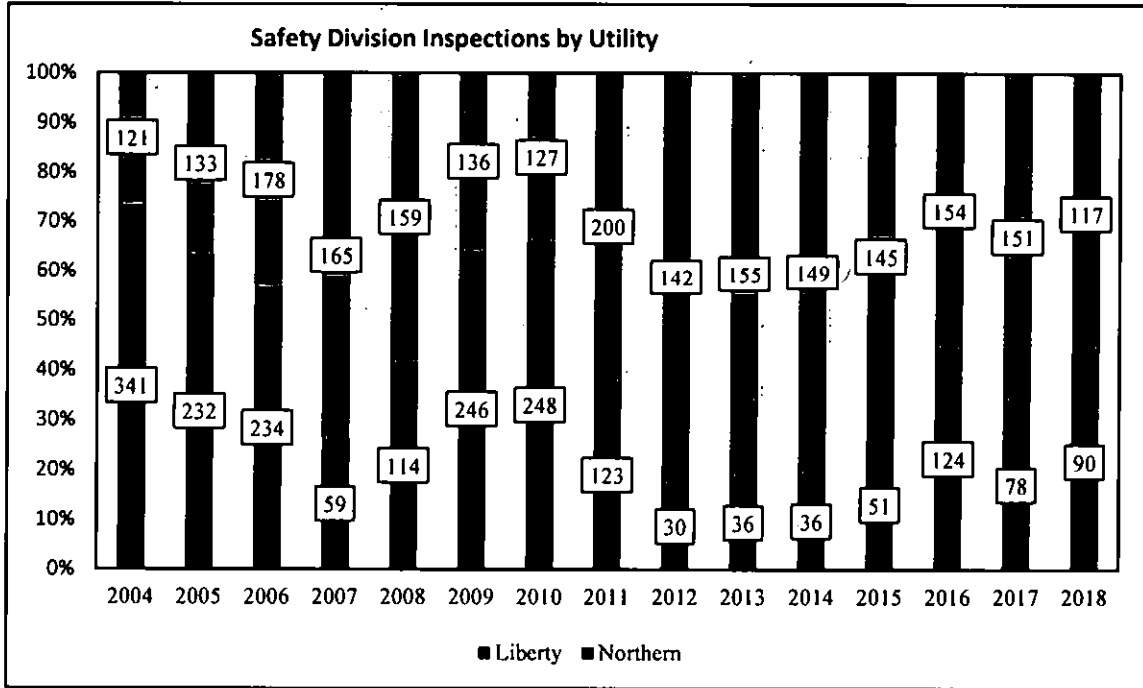
## **PIPELINE INSPECTIONS**

The Safety Division is responsible for monitoring and inspecting construction, operations, maintenance, and safety practices for over 800 jurisdictional New Hampshire gas and liquid petroleum (LP) systems. Approximately 105 inspections of liquid propane facilities and 300 inspections of natural gas operators were conducted during the biennium. In addition, three liquefied natural gas facilities are inspected annually.

Comprehensive training is required of all inspectors, with a minimum of 12 weeks per inspector focused on distribution and transmission safety practices, investigative techniques, and simulated exercises of potential field situations. The Safety Division Staff completed safety training related to transmission and distribution pipelines, including: Liquefied Petroleum Gas, Corrosion Control, Welding and Welding Inspection, Failure Investigations, Distribution Integrity Management, Control Room Management, SCADA Inspections, Inline Inspection Techniques, Gas Pipeline Safety Evaluations and Root Cause Analysis.



The Safety Division also conducts regional training sessions for natural gas operators and provides technical assistance to the State Fire Marshal's office upon request.



## ACCELERATED PIPELINE REPLACEMENT

New Hampshire's natural gas infrastructure contains a limited amount of aged, worn, and leak-prone pipelines, comprised primarily of bare steel and cast iron. In 1990, the Commission recognized that leak prone pipes required formal, systematic replacement. Since that time, the Commission has undertaken numerous safety related directives, including ordering accelerated replacements of cast iron and bare steel pipes. In 1994, 353 miles, or 27 percent, of New Hampshire's distribution pipelines contained cast iron or bare steel.

As a result of enhanced recovery mechanisms authorized by the Commission, the number of miles has been trimmed by approximately three-fourths, with less than 87 miles of cast iron or bare steel pipelines remaining. One natural gas operator completed the removal of all bare steel in 2017, and the other operator projects the removal of all cast iron and bare steel by 2024.

Presently, worn pipelines and leak prone pipelines represent only 4.3 percent of the distribution mains in New Hampshire. More importantly, significant quantities of bare steel services directly connected to customers' homes and businesses have been steadily replaced with the latest polyethylene pipelines. The Commission's Safety Division has been extensively involved with developing customized approaches applicable to New Hampshire gas distribution systems for determining which pipelines are subject to the highest pipeline safety risks.

## **UNDERGROUND DAMAGE PREVENTION**

The Safety Division administers the Underground Utility Damage Prevention Program to ensure public safety and minimize damage to underground facilities. Third party excavation continues to be the number one cause of damage to underground facilities, not only in New Hampshire but also nationally. New Hampshire generated a historic record of nearly 69,837 calls into the Dig Safe center in 2018. Over the last 17 years (2002 to 2018), New Hampshire experienced a 48 percent increase in calls to the Dig Safe center, reflecting strong construction activity, greater public awareness of excavation dangers, including awareness of the 811 notification system, and an increase in the amount of utility underground infrastructure. During the same period, New Hampshire experienced a 48 percent decrease in the number of reported damages and other probable violations. This decrease is indicative of solid program performance resulting from continued enforcement, ongoing Safety Division training, increased advertising, and other public outreach efforts by all utilities and stakeholders.

The Safety Division inspects construction sites for damage prevention compliance, investigates reported damage, and issues citations when probable violations are identified. In 2018, the Division processed 162 reports of damage to underground facilities. The Safety Division was able to resolve investigations without the need of informal conferences.

Annually each spring, the Safety Division co-sponsors training with Managing Underground Safety Training, providing a minimum of three Dig Safe damage prevention seminars statewide attracting over 450 participants. Three types of training were offered during the past biennium: seminars geared toward general contractors, presented in conjunction with utilities; trainings conducted at company headquarters upon request; and trainings conducted at Commission offices to address with civil penalties and specific contractor violations.

The Safety Division was recognized by PHMSA's enforcement assessment as one of forty-two states to achieve an "Adequate" rating for its Underground Utility Damage Prevention Program as part of a CFR Part 198 evaluation. Although the rating is identified as "Adequate," PHMSA's initial evaluation resulted in a perfect score for the Safety Division – 258 points out of 258 total points – far in excess of the minimum 181 points necessary for the "Adequate" rating. PHMSA's most recent evaluation of the Safety Division was performed in October 2019, and the Division received a 248/258 score from PHMSA.

Enforcement of the Underground Utility Damage Prevention Program remains a high priority for the Safety Division. Civil penalties totaling \$91,148 were received over the biennium, all of which were applied to the State's General Fund. Thirty-nine educational trainings for contractors were also conducted by Staff in lieu of civil penalties, totaling an equivalent value of \$19,500 during the same period.

## **ENGINEERING AND SAFETY REVIEWS**

The Safety Division reviewed 26 petitions from utilities to install 41 facility crossings over public waters and State-owned land during the biennium. The Division's reviews identified potential negative impacts upon the public and assisted the Commission in determining whether such crossings were necessary to meet reasonable requirements of service to the public and whether they conformed to applicable safety codes.

## **PHYSICAL AND CYBER SECURITY AND EMERGENCY PREPAREDNESS**

The Safety Division participates in a critical infrastructure task force, which identifies critical utility facilities within New Hampshire. The critical infrastructure task force is part of the Governor's Advisory Committee on Emergency Preparedness and Security. This ongoing effort evaluates interdependencies among, and vulnerabilities in, eighteen identified sectors. A nineteenth sector, Cyber Security, has recently been established by New Hampshire's Department of Safety and Homeland Security and Emergency Management (HSEM), and the Commission is a key stakeholder. An Emergency Preparedness and Security Team, headed by the Director of the Safety Division, participates in planning and coordination with HSEM.

Cybersecurity, more appropriately referred to as Cyber Safety, is the most recent area assigned to the Safety Division. The Safety Division monitors cybersecurity plans developed by the electric and gas utilities for completeness and best practices. Current standards are evolving, both nationally and sector specific, regarding cyber intrusion, detection, prevention, and response. The Safety Division participates in national and regional educational and drill opportunities. Program initiatives include: sharing of best practices among states, collaborating with other agencies, and piloting projects involving detection sharing techniques of classified information between government entities and private utilities.

The Safety Division has worked extensively with FERC's Office of Energy Infrastructure Security in sharing strategic frameworks and assessment techniques.

Continued progress regarding cybersecurity has been a focal point of the Safety Division for many years. Attending national conferences, maintaining contacts with federal partners, participating in drills and briefings have allowed the Division to stay at the forefront of this rapidly evolving area.

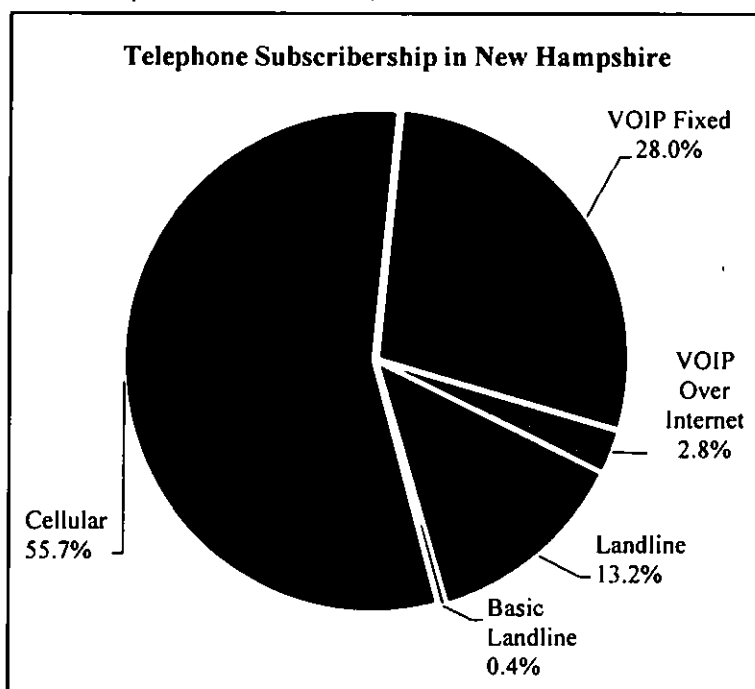
## OVERVIEW

New Hampshire was one of the first states to embrace landline competition, and as a result, the state enjoys one of the most competitive and successful telecommunications industries in the country. For the better part of two decades, the state has refrained from regulating emerging voice and data technologies. This hands-off policy approach has resulted in the state having the highest household market penetration of voice telephone service in the nation.<sup>1</sup>

*Key Objective:  
New Hampshire has a highly competitive telephone market and the highest telephone service penetration rate (over 98%) in the United States.*

Voice telephone service is highly competitive and is provided within the state by a host of cellular, cable, internet, and landline companies.<sup>2</sup> With the exception of basic service, none of these services are regulated by the Commission.

Given deregulation, the Commission has limited regulatory authority in the telecommunications industry. One area in which the Commission has retained authority is with respect to basic landline service. This basic service is used by fewer than ten thousand consumers in New Hampshire and represents less than one-half of one percent of all voice services provided in the state. Broadband and internet access is not regulated in New Hampshire. As discussed below, the Commission still has authority to regulate utility poles.



## DIXVILLE TELEPHONE COMPANY

Earlier this year, an incumbent carrier exited the market due to a dwindling customer base and other less expensive voice technology alternatives.

For over a century, Dixville Telephone Company was authorized to provide telephone services for Dixville Notch. In recent years, the company had a single residential customer and as a result petitioned the Commission for approval to discontinue operations permanently. Acknowledging that the company could no longer sustain itself financially and that voice-options existed, the Commission approved the company's request.

<sup>1</sup> The Center for Disease Control tracks the lack of telephone service as a health matter, and through its National Center for Health Statistics (NCHS) estimates that 1.9 percent of New Hampshire households have no telephone service, the lowest rate among the fifty states and the District of Columbia.

<sup>2</sup> The chart includes all telephone services provided in New Hampshire as reported to the Federal Communications Commission by carriers. Services provided by cable TV companies are included in the "VOIP Fixed" section.

## UTILITY POLE ATTACHMENTS

The Commission continues to oversee access to utility poles, ducts, conduits, and rights of way to enable those seeking to deploy networks the opportunity to do so. This authority is rooted in ensuring safe and reliable service, and this regulation extends to third-party attachments to utility poles. On its own motion, the Commission opened an investigation into the safety aspects of utility poles, with particular emphasis on coordination between utility pole owners, utility pole attachers, and first responders. While the investigation resulted in recommendations for some changes, first responders were generally satisfied with pole owner notification processes and response times, and communications between pole owners and pole attachers.

The Commission also approved significant changes to its utility pole attachment rules, N.H. Code of Administrative Rules Chapter Puc 1300, which went into effect September 1, 2018. Mirroring as much as possible the federal rules for access to utility poles, the new rules shorten the allowable time for processing and preparing for third-party access to poles, ducts, conduits, and rights of way, and allow those seeking access to use their own contractors in the event the pole owner fails to meet the specified time frames. The rules allow for access requests from traditional telephone carriers, cable TV providers, wireless service providers, information service providers, electric utilities, and government entities.

## AREA CODE CONSERVATION

New Hampshire has a population of over 1.35 million people and a single area code. All telephone numbers in the state, whether served by landline, cable, cellular, or VOIP services, are assigned a 603 area code designation. State law directs the Commission to conserve telephone numbers with the goal of preserving New Hampshire's identity as a single-area-code state.

Numbers are assigned, on request, in blocks of 1,000 numbers to carriers needing numbers in specific areas of the state. Staff reviews these requests daily and works with carriers to meet their requests while affecting the general availability of numbers as little as possible.

Despite the industry trends and federal regulations that make telephone numbers less geographically relevant, Commission efforts to date have pushed the potential exhaust of the 603 area code out approximately ten more years. To improve this prospect, the Commission filed a request with the FCC for additional authority to assign numbers in smaller increments than blocks of 1,000. Industry experts estimate that giving the Commission this authority could eliminate concerns about the 603 area code exhaust altogether. The FCC is considering the Commission's request. Maine and Massachusetts filed supporting comments, while the cable, cellular, and landline industries oppose New Hampshire's petition.

## OVERVIEW

The Commission regulates four electric utilities: Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource);<sup>2</sup> Unitil Energy Systems (UES); Liberty Utilities (Liberty); and New Hampshire Electric Cooperative (NHEC). The Commission’s statutory authority over NHEC is limited as the Cooperative has opted for self-regulation pursuant to RSA 362:2, II.

*Key Observation:*  
 The 2019 EERS goals for New Hampshire are on target to be achieved. The 2019 goal for electric programs is an annual savings of 1% of 2014 delivery sales. The 2019 goal for natural gas programs is an annual savings of .75% of 2014 delivery sales.

The table below provides an overview of New Hampshire’s electric utilities.

**2018 Total Operating Revenues, Megawatt-hours Sold to Retail Customers and Total Customers in New Hampshire by Franchise Distribution Area<sup>3</sup>**

Utility	Operating Revenue	Megawatt-hours Sold	Total Customers	Service Area	Effective Date	Time
<b>Eversource</b>	7,914,786	\$956,132,513	517,349	1671	August 29	6 PM
<b>UES</b>	1,223,545	\$156,749,720	78,634	292	August 29	3 PM
<b>Liberty</b>	917,100	\$101,208,176	44,145	198	August 29	3 PM
<b>NHEC</b>	778,155	\$145,386,000	85,554	152	January 6	6 PM
<b>NH Total</b>	10,833,586	\$1,359,476,409	725,682			

## STATUS OF ELECTRIC INDUSTRY AND COMPETITION

The electric industry in New Hampshire continues its transition from the vertically integrated market structure of the 20<sup>th</sup> century to a more customer-focused, distributed energy model. Numerous proceedings before the Commission over the past two years highlight the evolution that began two decades ago when New Hampshire passed RSA 374-F, electric utility restructuring. Those proceedings, described in more detail below, include a proceeding that completed the divestiture of Eversource’s generating assets, and one that focuses on the future of the electric grid in New Hampshire.

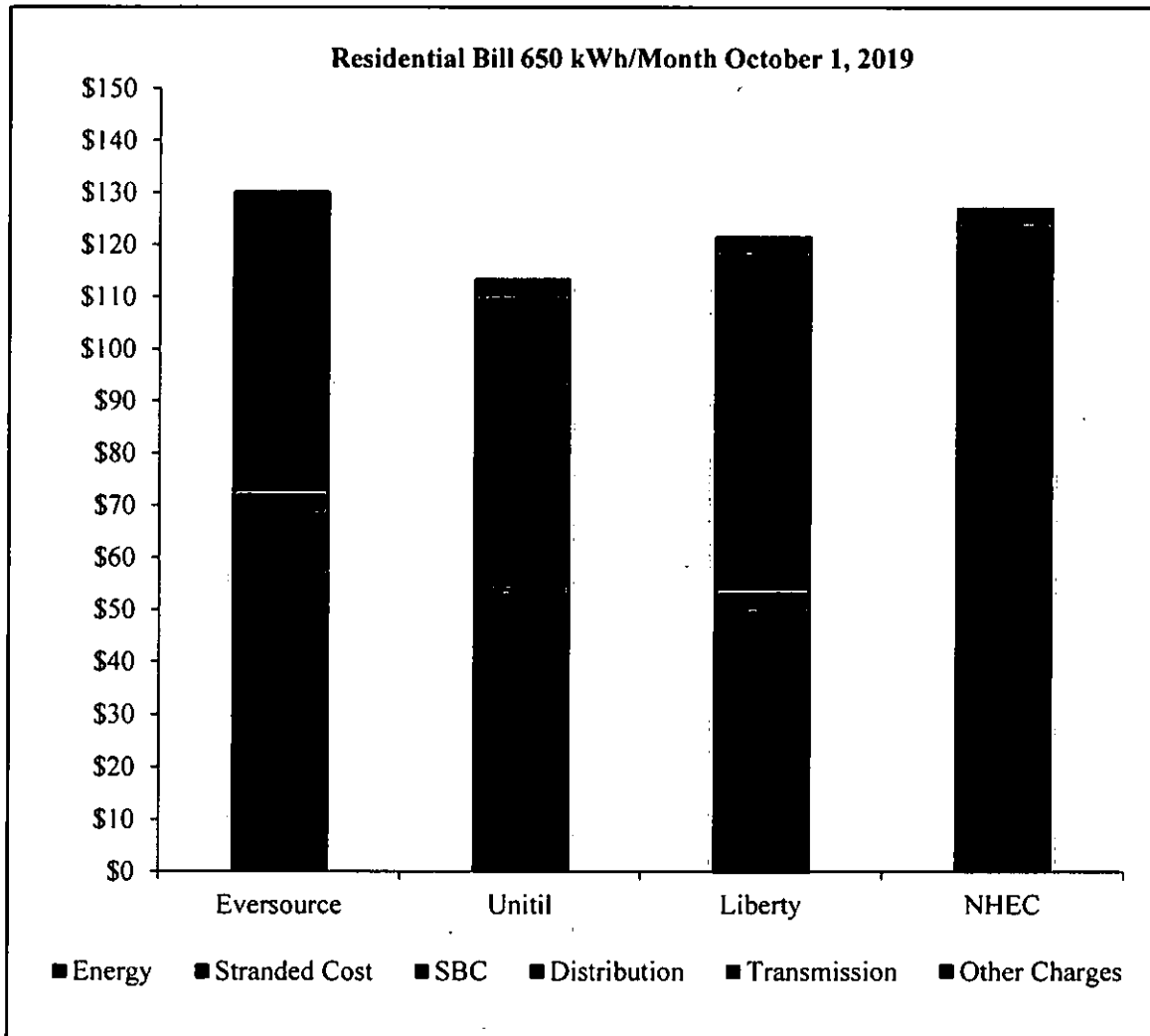
Electric restructuring has enabled a competitive retail electric market to develop in New Hampshire. Electric customers have the ability to obtain electric supply from an entity other than their electric distribution utility. While electric supply is delivered by the electric distribution utility, it can be purchased from competitive electric power suppliers (CEPS) or arranged through aggregators.

<sup>2</sup> In 2015, Public Service Company of New Hampshire began operating under the trade name Eversource Energy.

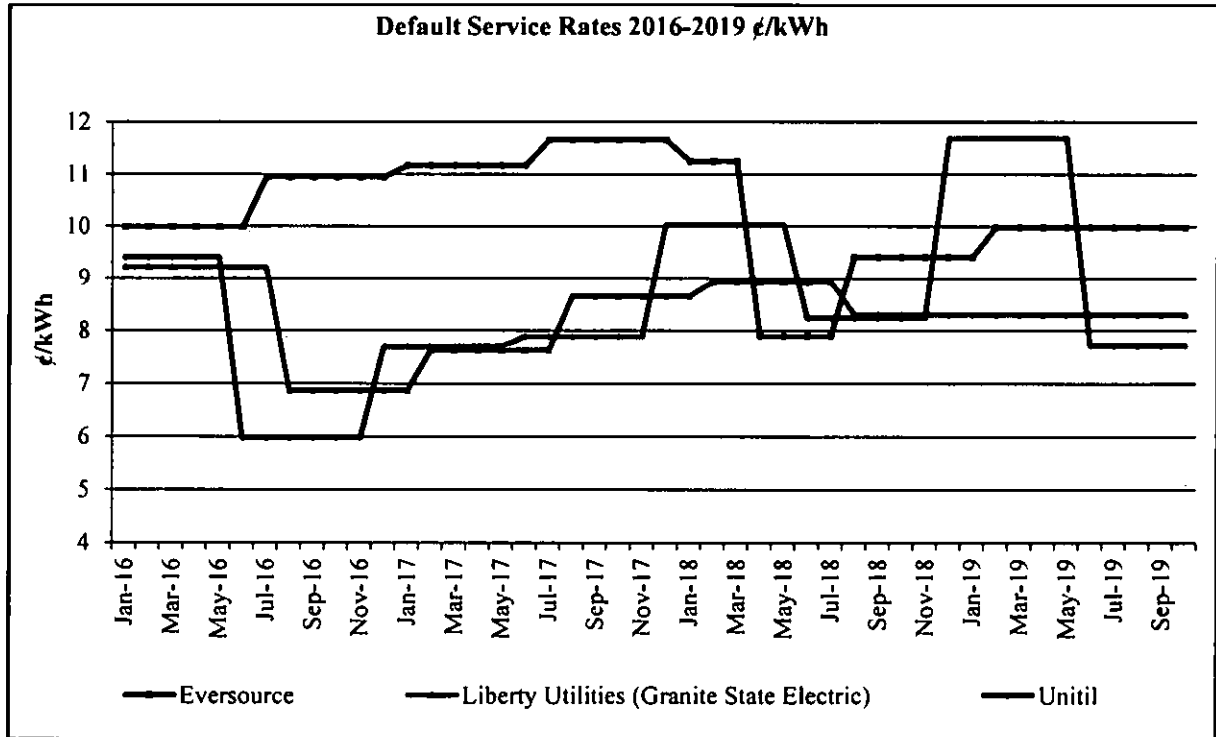
<sup>3</sup> Sources: 2018 FERC Form 1 Annual Reports, 12/31/2018 NHPUC Form F-1, and 2018 Annual Report to Members and other information submitted to the Commission by NHEC.

Numerous companies are registered with the Commission as CEPS or aggregators. Though varying by electric distribution utility, a significant number of residential customers now get their power from a competitive supplier, and most C&I customers receive their energy service from competitive suppliers.

For those customers who choose not to take service from one of New Hampshire's registered CEPS, the electric utilities offer default energy service. Energy supply service, whether through default service or CEPS, represents roughly half of a customer's bill, as depicted below.



The default service rates that CEPS compete against are shown in the chart below for each electric distribution utility.



A key component of electric restructuring was divestiture of the electric generation component of the business from the “poles and wires” component. The Commission approved completion of the divestiture of Eversource’s generating assets with its approval of the 2015 PSNH Restructuring and Rate Stabilization Agreement on July 1, 2016. That approval (1) granted Eversource cost recovery for the installation of pollution control equipment at Merrimack Station; (2) reduced Eversource’s cost recovery for the Scrubber by \$25 million; (3) directed Eversource to begin the process of divesting its generation assets, as contemplated by HB 1602, SB 221, RSA Chapter 374-F, and related statutes, subject to the conditions delineated in the Settlement Agreements and described in the Order; and (4) approved a proposed methodology for the compensation of qualifying facilities in Eversource’s territory under applicable federal statutes.

The Commission hired an auction advisor, JP Morgan, to facilitate and lead the fossil-hydro sale, which ultimately resulted in splitting the assets into a fossil, or thermal generating, auction, and a hydro auction based on the advice of JP Morgan. During the past two years, the thermal generating assets were sold to Granite Shore Power for \$175 million, subject to certain adjustments. The Commission also approved the sale of the Eversource hydroelectric generating facilities to HSE Hydro NH AC LLC for \$83.3 million, subject to certain adjustments.



## ENERGY EFFICIENCY RESOURCE STANDARD

The Commission pressed forward on its new targets for energy efficiency established as part of its approval of an energy efficiency resource standard (EERS) (*see* Order No. 25,932, August 8, 2016). The savings targets for the three-year program increased significantly compared to savings achieved under the prior “Core” energy efficiency programs. The three-year program set savings goals for both electric and gas utilities for 2018-2020 in relation to a baseline of 2014 delivery sales.

## GRID MODERNIZATION

The overarching goals of the Commission for grid modernization include improving reliability, resiliency, and operational efficiency of the grid, as well as reducing costs, empowering customers to use electricity more efficiently, and facilitating integration of distributed energy resources (DERs) into the grid. Additional benefits were identified by a stakeholder working group convened by the Commission.

Stakeholders reached consensus on a number of important objectives of grid modernization including: 1) modernizing the grid should align the interests of consumers and producers of energy in order to optimize the system while enabling strategic electrification of buildings, homes, and vehicles; 2) modernizing the grid should ensure all customers share in the benefits of a modern grid; 3) modernizing the grid should keep New Hampshire technologically innovative and economically competitive; and 4) modernizing the grid should reduce environmental impacts and carbon emissions in New Hampshire.

In early 2019, Commission Staff issued recommendations that addressed key grid modernization issues. The Commission has received and heard comments on the recommendations and directed stakeholder sessions focused on the 11 topics identified by the Commission in Order No. 26,254 as areas for the parties and stakeholders to address, and reach consensus if possible.

Least-cost planning proceedings continue at the Commission. Two electric utility rate cases are ongoing – one for Liberty Utilities and one for Eversource. Both rate cases are scheduled to be completed sometime in the first half of 2020.

## REGIONAL AND WHOLESALE MARKET ACTIVITY

The Commission is directed to advocate for New Hampshire interests before FERC and other regional and federal agencies with respect to wholesale electric issues. ISO New England (ISO) continues to focus on addressing winter fuel security. In February 2018 (as part of the twelfth Forward Capacity Auction (FCA)), the ISO rejected retirement bids from Exelon to remove its Mystic units in Everett, Massachusetts because those units were needed to meet local transmission security requirements. After Exelon again sought to retire the Mystic units in FCA #13, the ISO retained them pursuant to new rules that would permit retentions for fuel security reasons in accordance with the terms of proposed cost-of-service agreements. Those cost-of-service agreements cover the FCA #13 Capacity Commitment Period, June 1, 2022 to May 31, 2023, as well as the FCA #14 Capacity Commitment Period, June 1, 2023 to May 31, 2024. The ISO can terminate the agreements for the latter period if it determines the units are no longer needed for fuel security, while Exelon can also opt out of the agreements.

The Electric Division participated in a FERC proceeding to review the cost-of-service agreements, and, together with other New England states, made several recommendations to lower the costs paid by regional electric customers.

The most significant challenge facing the ISO today is how to solve the region's winter energy security problem – the heightened risk of unserved electricity demand during cold winter conditions caused by constraints on the interstate natural gas pipeline system. During cold winter conditions, these pipelines rapidly reach capacity and as a result may not be able to supply New England's gas-fired power plants. To address the problem, the ISO proposed a set of market design improvements that together constitute the Energy Security Improvements (ESI) proposal. In its current form, ESI includes three new ancillary services offered in the day-ahead market and possibly a currently undefined seasonal forward market. The forward market would provide generation resources with the incentive to invest in supplemental supply arrangements for the coming winter and, therefore, would directly address the pipeline constraints.

The new ancillary services would be offered in the day-ahead market as a type of call option on a resource's energy and would be designed in such a way as to create strong financial incentives to acquire the fuel to cover the resource's obligations the next day. A resource that commits to provide an ancillary service will face a steep financial penalty in real-time settlement if the real-time energy price is high and the resource does not perform.

The ISO is expected to submit to FERC its final ESI market design in April 2020. While the New England states do not have a final position on the ESI proposal at this time, the states have questioned whether the current multi-component design is necessary and whether a simpler design, such as a forward market-based seasonal approach, would enhance security at a lower cost to consumers.

The Electric Division is also concerned that consumers may have to pay unnecessarily high costs if the design fails to create competitive outcomes, either due to actual withholding of energy option offers by participants with market power or because the incentives to submit offers are too low. In both cases, offer prices could turn out to be too high.

Additionally, New Hampshire and the other New England states are concerned that purchasing forward options year-round may be inefficient, as the fuel security problem is an issue only during the winter months. Purchasing energy options at a time when the system is secure would be an unnecessary expenditure of consumers' money. For this reason, the Commission believes the ISO should focus its efforts on creating a winter-only market design.

Issued in 2011, FERC Order 1000 requires regional transmission operators, including ISO New England, to use a competitive selection process for certain reliability transmission upgrades, allowing for the possibility of more creative and cost-effective solutions. In May 2019, the ISO announced its intention to issue its first competitive solicitation for transmission, pursuant to FERC Order 1000. This competitive solicitation addresses transmission needs caused by the expected retirement of the Mystic units in the mid-2020s. The competitive process focuses on non-time-sensitive transmission needs; a study identified time-sensitive needs that can be addressed outside of the competitive process. The ISO expects that a final Request for Proposal will be issued in late 2019 or early 2020.

Under a competitive process, transmission developers may submit proposals to meet needs identified by the ISO. The ISO will review proposals using a two-step process to select the best solution.

New Hampshire fully supports the competitive procurement of transmission, as it represents an opportunity to mitigate the region's high and rising transmission costs. The Electric Division is carefully monitoring the NEPOOL stakeholder process tasked with modifying the ISO tariff to provide for the issuance of competitive solicitations.

## OVERVIEW

The Sustainable Energy Division administers the State's Renewable Portfolio Standard (RPS) law, manages the Renewable Energy Fund (REF), works collaboratively with other Commission divisions on renewable energy and net metering related dockets, and reviews applications for energy code compliance for residential and small commercial buildings.

*Key Observation:*  
*During fiscal years 2018 and 2019, staff, with stakeholder collaboration, designed and implemented a competitive LMI grant program, that resulted in the issuance of six grants totaling over \$900,000 that will provide direct benefits to 123 LMI customers.*

## RENEWABLE PORTFOLIO STANDARD

The New Hampshire General Court determined that it is in the public interest to stimulate investment in low emission renewable energy generation technologies within the state and, based on that determination, enacted legislation to establish the state's RPS. This standard requires the inclusion of certain amounts of renewable generation in the electricity mix of retail electricity providers. In 2018, the target was 18.5 percent, and the RPS target for 2025 is 25.2 percent.

The Legislature set RPS goals with the express intent of providing fuel diversity to New Hampshire and the New England region as a whole, through use of local renewable fuels and resources. Renewable fuels come from energy sources that are rapidly replaced or renewed through a natural process, including but not limited to, solar, wind, hydropower, biomass, methane, and geothermal.

Earlier this biennium, the Commission completed the Renewable Portfolio Standard 2018 Review (2018 RPS Review).<sup>4</sup> That report provides background information on the structure of New Hampshire's RPS, legislative history, legislative amendments, review process, analysis, and recommendations for each of the nine topics required for review under the statute.

The 2018 RPS Review concluded that the program is accomplishing the statutory goals and purposes. Specifically, the RPS has promoted and increased use of renewable fuels, increased the development of renewable energy technologies, and provided both economic and environmental benefits. The 2018 RPS Review concluded that New Hampshire's in-state energy resources are increasingly renewable and that technological innovations are helping consumers and businesses produce more of their own energy.

The review also concluded that major changes to the RPS are not needed at this time to further advance the statutory goals; however, limited legislative improvements could provide greater flexibility and efficiency in the administration and operation of the program. Perhaps most importantly, the report was developed to serve as a resource for decision-makers facing choices about the future of New Hampshire's renewable energy policies and programs. The next review is required in 2025.

<sup>4</sup> The full report is available at <https://www.puc.nh.gov/Sustainable%20Energy/Review%20RPS%20Law.html>.

# SUSTAINABLE ENERGY

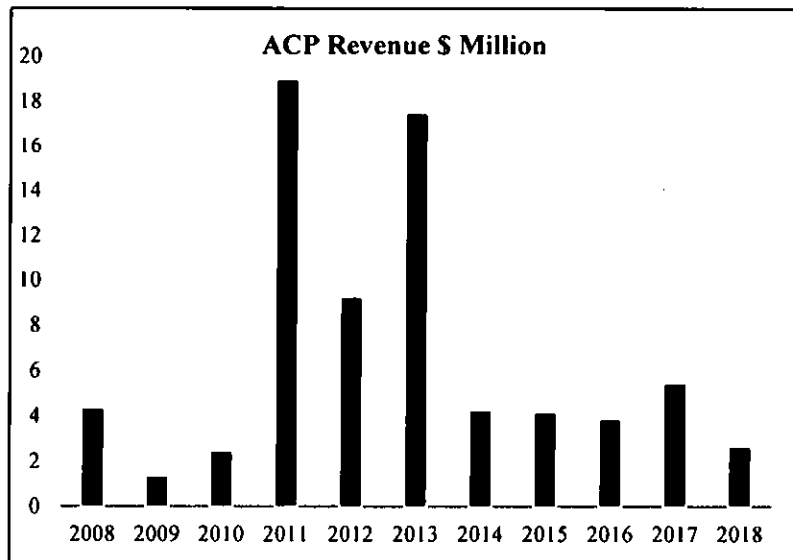
BIENNIAL REPORT 2019

## RENEWABLE ENERGY FUND

The Renewable Energy Fund receives its funding annually through alternative compliance payments (ACPs) received from electricity suppliers. The REF is a dedicated, non-lapsing fund whose purpose is to support electrical and thermal renewable energy initiatives pursuant to RSA 362-F:10.

REF revenue fluctuates annually. For example, REF revenues were \$5,258,420 in FY 2018 and \$2,601,432 in FY 2019.

Pursuant to RSA 362-F:10, the REF funds seven rebate and grant programs covering a range of electrical renewable and thermal technologies in both the residential and non-residential sectors. During the biennium, 1,684 rebate applications were received, and 1,723 rebates were paid. Additionally five competitive commercial and industrial project grants were awarded to support large biomass thermal projects in schools, municipal buildings, and businesses.



## SUMMARY OF FY 2018 AND FY 2019 REF REBATE PROGRAM RESULTS

REF Programs	Number of Applications Received	Rebates Awarded	Rebate Funds Disbursed	Average Rebate Award
Residential Electrical Renewable Energy (PV and Wind)	1,424	1,495	\$ 2,132,160	\$ 1,426
Residential Solar Water Heating	0	2	\$ 3,200	\$ 1,600
Residential Wood Pellet Furnace/Boiler	60	53	\$ 477,843	\$ 9,016
C&I Solar Technologies	188	161	\$ 5,391,479	\$ 33,487
C&I Wood Pellet Furnace/Boiler	12	12	\$ 449,869	\$ 37,489
<b>Total</b>	<b>1,684</b>	<b>1,723</b>	<b>\$ 8,454,551</b>	<b>\$ 4,907</b>

In 2018, the Commission developed and implemented a new low-moderate income (LMI) community solar competitive grant program to provide funding to solar electric projects delivering direct benefits to LMI residential customers. In its first year, three grants were awarded. The projects awarded grants are now operational, and are providing direct benefits to more than 60 LMI customers. Three additional grants were awarded in 2019.

## SUMMARY OF RENEWABLE ENERGY REBATE PROGRAMS

Rebate Program	Authority
Residential Electrical Renewable Energy Rebate (PV and Wind)	RSA 362-F:10, V
Residential Solar Water Heating Rebate	RSA 362-F:10, VIII
Residential Wood Pellet Boiler/Furnace Rebate	RSA 362-F:10, VIII
C&I Solar Technologies Rebate Category 1 PV and Thermal; Category 2 PV	RSA 362-F:10, VIII
C&I Wood Pellet Furnace/Boiler Rebate	RSA 362-F:10, VIII

### NET METERING

The Commission issued an order implementing an alternative net metering tariff in June 2017. The Commission has also directed Staff to perform two studies: a Locational Value of Distributed Generation study and a Value of Distributed Energy Resources study. Staff worked with stakeholder working groups to develop scopes for both studies, the results of which will inform future net metering tariff development. The Commission is currently developing rule revisions to implement the new alternative net metering tariff and recent legislative amendments.

### LEGISLATION IMPACTING THE RPS AND NET METERING

Several legislative amendments passed during the biennium affected the RPS and net metering. The Renewable Energy Fund Annual Report was enhanced to include RPS compliance costs and average electric rate impact; a renewable energy certificate versus alternative compliance payments comparison; the number of renewable energy certificates that were purchased during the prior compliance year by class; and alternative compliance payments by class and provider of electricity. Each year, the estimated cost on a per kilowatt-hour basis for compliance with the RPS for the prior compliance year is given to the providers of electricity to include with customers' December bills. The Commission also developed a webpage to provide information about the RPS, including its benefits.

Changes were also made to group net metering, including removing the review by the Commission of net metering group host agreements, and eliminating certain reporting and payment adjustments for small residential group host systems with an interconnected capacity less than 15 kilowatts.

The Low-Income Community Solar Act of 2019 provides for an additional net energy metering credit for eligible low and moderate income community solar group host projects, modifies the definition of "low-moderate income community solar project", and provides for on-bill credits allocated to group hosts and group members. Staff is currently working with stakeholders to draft rules to support the implementation of that legislation.

### OUTLOOK

For compliance years 2017 and 2018, ACPs decreased compared to the prior compliance years. Given decreasing funding associated with ACPs, it is expected that certain rebate and grant programs will be underfunded relative to anticipated demand. Due to anticipated continued strong demand for program funds,

# SUSTAINABLE ENERGY

program waitlists and closures may be expected. To alleviate some pressure on available funds, the Sustainable Energy Division may propose revisions to current rebate levels, and to applicable program terms and conditions.

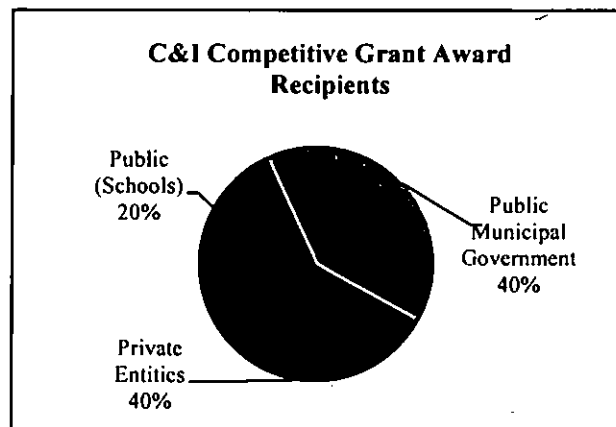
Sustainable Energy Division Staff will investigate the possibility of establishing a loan loss reserve to support a residential renewable energy project loan program, and will analyze the costs of providing interest rate buy-downs for residential customer-owned solar electric systems and bulk-fed pellet heating systems. If combined with a rebate, such a finance offering may enable more moderate income households to install solar and/or pellet whole-house heating systems. Pursuant to RSA 362-F:10, VIII, any program changes will be considered as part of a public hearing process with advance notice stakeholder involvement, and would require notice and hearing.

Staff will continue to manage REF monies and programs efficiently, and according to statutory requirements. The Sustainable Energy Division in conjunction with consultants will lead the development of the Locational Value of Distributed Generation study and Value of Distributed Energy Resources study.

## COMMERCIAL AND INDUSTRIAL COMPETITIVE GRANT PROGRAM

RSA 362-F:10 requires the Commission to issue a Request for Proposals (RFP) annually for non-residential renewable energy projects that are not eligible to participate in incentive and rebate programs developed under RSA 362-F:10, V and RSA 362-F:10, VIII.

Accordingly, the Commission has issued RFPs for renewable energy projects for the past ten years. The RFPs issued in calendar years 2017 and 2018, resulted in five grants for biomass projects being awarded and approved by Governor and Executive Council.



## OVERVIEW

The Commission regulates two natural gas utilities, Liberty and Northern. Liberty serves approximately 95,000 customers in 31 towns and cities along the Interstate 93 corridor in the central and southern parts of the state. Liberty also serves the cities of Berlin and Keene. Northern serves approximately 35,000 customers in 25

communities in the seacoast area of the state. The gas utilities provide both delivery and supply service to residential, commercial, and commercial-industrial customers, as well as delivery-only service to commercial and industrial transportation customers. Of the 130,000 natural gas customers in New Hampshire, 85 percent are residential, 12 percent commercial/commercial-industrial, and 3 percent transportation. Although there are relatively few transportation customers, those customers accounted for 50 percent of natural gas sales in 2018.

Over the past decade, natural gas prices have been well below the price of alternative energy sources, and New Hampshire's natural gas utilities have experience significant growth. In fact, over the past decade the number of natural gas customers has grown by 13,557 customers, which represents a 12 percent increase in total customers.

**Key Observation:**  
*As the result of a fully litigated rate proceeding the Commission granted Liberty a rate increase that was approximately half of that requested, saving ratepayers \$6.5 million annually.*

NATURAL GAS CUSTOMERS GROWN FROM THE 2008-2018											
State Dept of Energy & Gas Control											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
<b>Liberty</b>	85,938	86,008	86,008	86,956	86,827	85,959	87,825	89,014	93,936	92,044	93,693
<b>Northern</b>	27,925	29,566	29,439	28,867	29,525	30,221	31,150	31,713	32,282	33,037	33,727
<b>Total</b>	113,863	115,574	115,447	115,823	116,352	116,180	118,975	120,727	126,218	125,081	127,420
<b>Annual Increase/(Decrease)</b>		1,711	(127)	376	529	(172)	2,795	1,752	5,491	(1,137)	2,339
<b>Percent Change</b>		1.50%	-0.11%	0.33%	0.46%	-0.15%	2.41%	1.47%	4.55%	-0.90%	1.87%
<b>Cumulative Increase</b>			1,584	1,960	2,489	2,317	5,112	6,864	12,355	11,218	13,557
<b>Percent Change</b>			1.39%	1.72%	2.19%	2.03%	4.49%	6.03%	10.85%	9.85%	11.91%

## SIGNIFICANT RATE PROCEEDINGS

Both Liberty and Northern filed rate cases in 2017. During the course of the proceedings, the federal Tax Cuts and Jobs Act of 2017 (Tax Act) was enacted, which reduced the corporate income tax rate from 35 percent to 21 percent. The Commission opened an investigation into how the Tax Act would affect the expenses of New Hampshire's public utilities, and addressed the impact on Liberty and Northern during the rate case proceedings.

Northern requested an increase of \$4.9 million to its annual revenue requirement. The Commission approved a \$940,000 increase, with the Tax Act accounting for \$1.7 million of the difference between the proposed and approved increase. The approved increase equates to a 5.8 percent increase in annual gas bills for a residential heating customer.

Liberty requested an increase of \$14.5 million to its annual revenue requirement. The Commission approved an increase of \$5.6 million increase, with the Tax Act accounting for \$2.4 million of the difference between the proposed and approved increase. The approved increase equates to a 7.8 percent increase in annual gas costs for a residential heating customer. As part of its proposed rate increase, Liberty also requested permission to consolidate Keene rates and to implement a revenue decoupling mechanism.

The Commission approved Liberty's acquisition of the Keene propane-air utility operation in 2014 and required Liberty to continue charging Keene customers in accordance with the existing Keene tariff. In its request to acquire the Keene system, Liberty testified that converting the Keene propane-air system to natural gas could provide an economic benefit to customers. In the rate filing, Liberty proposed eliminating the Keene specific distribution rate, but keeping a Keene specific cost of gas rate. Liberty also informed the Commission of its current efforts to convert a small portion of the Keene system to natural gas and future conversion plans. The Commission approved the proposed rate consolidation; however, given the unknowns regarding the economic viability of the conversion, established a risk sharing mechanism to protect ratepayers from economic risk if Liberty moved forward with the conversion.

In its rate filing, Liberty proposed a decoupling mechanism, designed to sever the link between sales and revenues that acts as a disincentive to promote energy conservation. The company also proposed an adjustment for weather during the winter heating season. The Commission approved monthly adjustments to customer bills, between November 1 and April 30, for the difference between actual and normal weather. Rates are set using weather normal sales, and customers see a charge or a credit on monthly bills to adjust for colder or warmer than normal weather. An annual bill adjustment to collect or refund the difference between targeted and actual revenues per customer for the prior year was also approved. The approved decoupling mechanism replaces the lost revenue adjustment previously used to collect lost revenue attributable to Liberty's energy efficiency programs.

The Liberty rate case was unique and involved 12 days of hearings. In addition to addressing rate consolidation, decoupling, and weather normalization, the Commission found that Liberty had been imprudent in incurring certain capital costs and disallowed recovery of those costs. The Commission also determined that the rates Liberty put in place following the conclusion of the rate case to recover the approved revenue requirement were incorrect. The Commission reset rates designed to recover the approved revenue requirement and to refund the amount that customers had been overcharged.

## **OTHER SIGNIFICANT PROCEEDINGS**

Liberty filed a request for approval to build the Granite Bridge Project, a 27-mile pipeline and a 2 billion cubic foot liquid natural gas storage tank. The proposed pipeline would be located along Route 101 between Exeter and Manchester and the LNG tank in Epping. The Granite Bridge Project would double



Liberty's natural gas capacity and cost close to half a billion dollars. A number of parties intervened in the proceeding and, along with Staff, filed testimony recommending the Commission deny Liberty's request. One intervener, the United Steelworkers Union, testified in support. In response to Liberty's request to extend the date for filing rebuttal testimony, the procedural schedule has been suspended.

Northern requested and received approvals to expand its franchise territory, extending service in Atkinson and adding the towns of Kingston and Epping. The cost of extending service in Atkinson and to Kingston was funded, in large part, by contributions from two large customers requesting natural gas service in those previously unserved areas.

Both Liberty and Northern have filed Least Cost Integrated Resource Plans subject to the new statutory requirement that the LCIRP include an assessment of the potential environmental, economic and health related impacts. Hearings are scheduled for late 2019 and early 2020.

## **OUTLOOK**

New Hampshire's natural gas utilities have seen steady customer growth, and demand remains high. Meeting that demand is becoming more difficult and costly, as it is increasingly difficult to site and build natural gas infrastructure. Integrated resource planning, as dictated by the legislature, undertaken by the utilities, and reviewed by Commission, will be critical in ensuring future natural gas rates are just and reasonable.

## OVERVIEW

The Commission regulates 11 water utilities. Due to acquisitions, the number of regulated water utilities has gone down over the past two years. During 2018, the Commission approved the acquisitions of Bow Lake Estates Water Company by Hampstead Area Water Company, and Wildwood Water Company by Lakes Region Water Company. In 2019, the Commission approved the acquisition of Tioga River Water Company by Abenaki Water Company.

*Key Observation:*  
 The two most significant rate proceedings during the biennium were those involving Pennichuck Water Works and its affiliate Pennichuck East Utility. The companies' unique ownership structures and capital structures necessitated a cash flow approach to ratemaking rather than the traditional return on rate base model.

Regulated Water Utilities and Allowed Revenues			
Pennichuck Water Works	28,561	Pittsfield Aqueduct Company	645
Aquarion Water Company	9,494	West Swanzey Water Company	85
Pennichuck East Utility	8,050	Fryeburg Water Company	68
Hampstead Area Water Company	3,752	Forest Edge Water Company	43
Lakes Region Water Company	1,805	Mill Brook Village Water Company	38
Abenaki Water Company	723		
<b>Total</b>			<b>53,264</b>

## SIGNIFICANT RATE PROCEEDINGS

In November 2017, the Commission issued an order approving a revenue requirement for Pennichuck Water Works (PWW), representing an increase 10.81%. The Commission’s order also approved a distinct and unique, municipal-like rate structure for PWW based on its cash flow needs for debt service and operating expenses. The Commission authorized PWW’s new rate structure because the utility is owned by the City of Nashua and financed exclusively by debt.

The Commission also approved the Qualified Capital Project Adjustment Charge (QCPAC) in response to PWW’s cash flow requirements related to the debt service and operating expenses associated with its continuing capital projects. The QCPAC replaces PWW’s Water Infrastructure and Conservation Adjustment (WICA) program and allows for the annual recovery of PWW’s debt service and property tax expense on all new capital expenditures made between general rate proceedings.

In October 2018, the Commission approved a new revenue requirement for Pennichuck East Utility (PEU) resulting in increase in PEU’s allowed revenue. PEU is an affiliate of PWW with an ownership and capital structure similar to that of PWW. Accordingly, the Commission approved an identical rate structure for PEU as was approved for PWW the previous year. The Commission also established a QCPAC for PEU.

In July and November 2018, the Commission issued orders resulting in an increase in Hampstead Area Water Company's (HAWC) revenue requirement. The approved revenue requirement included a negotiated return on equity (ROE) percentage that recognized HAWC's "small size" as a regulated water utility. The approved settlement agreement in that case further proposed that the Commission open a rule-making proceeding to investigate the establishment of an ROE methodology for all "small-sized" water utilities similar to HAWC. Accordingly, in January 2019, the Commission opened a rule-making proceeding.

## SIGNIFICANT FINANCING PROCEEDINGS

The Commission approved a series of debt financings specifically designed to coordinate with the new rate structure approved for PWW. In February 2018, the Commission approved a \$32.5 million bond to provide annual long-term funding for PWW's capital projects undertaken from 2017 through 2020. In April 2018, the Commission approved a \$10 million fixed asset line of credit designed to provide short-term financing for PWW's capital projects between annual bond issuances.

Similarly, the Commission approved a \$3 million fixed asset line of credit for PEU in March 2018 to provide interim short-term financing for PEU's capital projects from 2018 through 2020. The Commission also approved a \$500,000 loan to fund 2017 capital projects not eligible for State Revolving Fund (SRF) financing. In November 2018, the Commission approved a \$4.24 million SRF loan for substantial infrastructure improvements at PEU's Locke Lake system in Barnstead. In May 2019, the Commission approved an approximate \$1.3 million loan relative to PEU's 2018 capital projects.

During the past biennium, the Commission approved a number of loans from the Drinking Water and Groundwater Trust Fund (DWGTF). The NH Department of Environmental Services (DES) administers the DWGTF, which provides grants and low-interest loans for eligible drinking water infrastructure improvement projects.

The DWGTF financings approved by the Commission include: a \$3.375 million loan to PWW for the replacement of aging water mains in Nashua and Amherst; a \$5.5 million loan to PWW for design and construction of a new deep river intake in the Merrimack River; and a \$1.02 million loan for HAWC's construction of a 1 million gallon tank in Atkinson was also approved as part of the DES coordinated Southern NH Regional Water Initiative.

## OUTLOOK

Acquisitions of small water utilities by larger water utilities continues to be a trend. Since January 2000, the number of water utilities regulated by the Commission has decreased by 28. The majority, 18, were smaller water utilities absorbed into larger companies. The inherent challenges in operating a water system, such as, the cost of replacing aging infrastructure, the need to acquire adequate financing capital, and the increase in water testing and treatment requirements, have resulted in this trend.

The issue of water contaminants, especially per- and polyfluoroalkyl substances (PFAS), lead, and arsenic, will continue to impact the regulation of water utilities as well as the determination of appropriate rates in light of increased testing and treatment requirements. In July 2019, the Department of Environmental Services proposed PFAS standards that will be among the strictest in the nation. New Hampshire also recently passed legislation further restricting lead and arsenic levels in drinking water.

# WATER AND SEWER

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Adequacy of supply of potable drinking water will also continue to be at issue, especially in southeast New Hampshire. The Southern NH Regional Water Initiative will assist in addressing limited sources of supply in this region. As part of that initiative, HAWC will be making a number of capital improvements to its water systems that will substantially increase its existing infrastructure.

## SEWER

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

Consolidation has also been a trend within the waste treatment industry given the challenges inherent in operating small sewer systems. The costs of new infrastructure, the difficulty in obtaining financing capital, and the increase in waste treatment testing requirements are a few of the reasons that make it increasingly difficult for small systems to operate as stand-alone entities.

Sewer Utilities and Total Customers Served	
Bodwell Waste Services Corporation	549
Abenaki Water Company	156
Bedford Waste Services Corporation	78
Lorden Commons Sewer Company	47
Atkinson Area Waste Water Recycling	1

## 2018 LEGISLATIVE SESSION

**HB 225 relative to information collection concerning electric renewable portfolio standards; effective 8/24/2018.** This bill requires electric providers to report to the Commission annually regarding their compliance with electric renewable portfolio standards, and requires the Commission to disclose non-confidential information collected in an annual report. The bill also authorizes the Commission to verify and audit the information.

**HB 317 relative to changes in the system benefits charge; effective 10/2/2018.** This bill requires legislative approval for increases in the system benefits charge, except for the energy efficiency portion authorized by the Commission in Order No. 25,932 dated August 2, 2016.

**HB 1472 relative to the state building code provisions for energy conservation in new building construction; effective 8/7/2018.** Among other things, this bill repeals RSA chapter 155-D, relative to energy conservation in new building construction, and adds a Commission representative to the Building Code Review Board.

**HB 1550 requiring electric bills to include the cost of compliance with renewable energy standards; effective 10/2/2018.** This bill requires providers of electricity to include on customers' December bills the estimated cost to each customer of compliance with the electric renewable portfolio standard under RSA 362-F for the prior compliance year and to provide an internet link to information about the electric renewable portfolio standard on the Commission's website.

**HB 1555 relative to participation by the public utilities commission in regional activities; effective 10/2/2018.** This bill requires the Commission and the OCA to advocate against proposed regional or federal rules or policies that are inconsistent with the policies, rules, or laws of New Hampshire. It also requires the Commission and the OCA to work to prevent or minimize any rate impact determined to be unjust or unreasonable.

**HB 1796 relative to the legislative oversight committee on electric utility restructuring; effective 8/11/2018.** This bill renames the legislative oversight committee on electric utility restructuring and redefines its duties.

**SB 321 relative to group host net energy metering; effective: sections 1 and 3 take effect as provided in section 4; the remainder takes effect 8/7/2018.** This bill amends RSA 362-A:9, XIV(a) by removing the requirement that net energy metering group host customers be default service customers of the same electric distribution utility as the host. It repeals RSA 362-A:9, XIV(d), which made the group host responsible for certain costs.

**SB 365 relative to the use of renewable generation to provide fuel diversity; effective 9/13/2018.** The bill, which creates new chapter RSA 362-H, "The Preservation and Use of Renewable Generation to Provide Fuel Diversity," requires electric distribution companies subject to the Commission's approval regarding procurement of default service to offer to purchase the net energy output of eligible biomass and waste-to-energy facilities located in its service territory.

**SB 366 relative to membership and procedures of the site evaluation committee; effective 8/7/2018.** This bill modifies the appointment, and procedures for service, of public members of the Site Evaluation Committee. It requires committee members to complete an annual training program conducted by the Department of Justice.

**SB 367 relative to public utilities commission review of group host agreements; effective 7/24/2018.** This bill ends Commission review of net metering group host agreements, and eliminates certain payment adjustments for small residential group host systems.

**SB 577 requiring the public utilities commission to revise its order affecting the Burgess BioPower plant in Berlin, prohibiting the import of certain liquid fuels, and relative to the production of useful thermal energy; effective: section 3 takes effect 7/1/2018; section 4 takes effect 8/27/2018; and the remainder takes effect 7/1/2018.** This bill requires the Commission to reopen Docket No. DE 10-195 to amend Order No. 25,213 affecting the Burgess BioPower plant in Berlin and includes methane gas in Class I renewable energy if its energy output is in the form of useful thermal energy.

## 2019 LEGISLATIVE SESSION

**HB 156 establishing a commission to study the establishment of a state department of energy; effective: section 2 takes effect 11/1/2020; the remainder takes effect 7/1/2019.** This bill creates a commission to study the feasibility of establishing a New Hampshire Department of Energy. The commission is required to issue an interim report by November 1, 2019, and a final report by November 1, 2020.

**HB 396-FN relative to delay or denial of records under the right-to-know law; effective 1/1/2020.** This bill amends RSA 91-A:4 to require a public body or agency to provide a timely written explanation for its delay in responding to a right-to-know request, as well as a written explanation of the reason(s) for its denial of a right-to-know request.

**HB 522 establishing a commission to study the environmental and health effects of evolving 5G technology; effective: section 2 takes effect 11/1/2020; the remainder takes effect 7/19/2019.** HB 522 establishes a commission to study the advantages and risks associated with 5G technology, with a focus on 5G technology's potential environmental and health impacts. An interim report of the commission's findings is due by November 1, 2019, and the commission must submit its final report by November 1, 2020.

**HB 700 relative to valuation of utility company assets for local property taxation; effective 8/20/2019.** This bill establishes a methodology for municipalities to use when assessing electric, gas, and water utility company distribution assets for property tax purposes. The new methodology will be phased in over a 5-year period beginning with the tax year effective April 1, 2020, and ending with the tax year effective April 1, 2024.

**SB 24 relative to New Hampshire's regional greenhouse gas initiative program; effective 9/8/2019.** SB 24 amends provisions of RSA chapter 125-O ("Multiple Pollutant Reduction Program") by, among other things, revising the statewide CO<sub>2</sub> budget allowance for 2021 and specifying the number of allowances for the years 2022 through 2030 and thereafter.

**SB 78 relative to public utility customer data; effective 8/17/2019.** This bill amends RSA 363:37, III(c) and 363:38, V(b), relating to “Privacy Policies for Individual Customer Data,” to allow third parties to use utility customer data for the additional purposes of researching, developing, and implementing new rate structures or tariffs.

**SB 123 relative to lost and unaccounted for gas, and relative to electric distribution companies investment in natural gas operations; effective 8/18/2019.** This bill requires the Commission to adopt rules requiring natural gas companies to keep track of, and report, natural gas that is lost or unaccounted for each year. It also prohibits electric distribution companies from doing the following at the expense or financial risk of their ratepayers: (1) acquiring natural gas capacity or supply, or (2) acquiring interests in natural gas infrastructure or its siting.

**SB 165 relative to net energy metering by low-moderate income community solar projects; effective 7/1/2019.** SB 165 allows new net metering groups to elect on-bill crediting and provides a three-cent adder for new “low-moderate income community solar projects” that elect on-bill crediting, starting July 1, 2019. Further, it requires the Commission to authorize at least two new low-moderate income community solar projects per year in each utility’s service area starting January 1, 2020, and to report on the costs and benefits of low-moderate income community solar projects, as well as the development of the low-moderate income community solar project market.

**SB 206 excluding the cost of lobbying and political activity from the rates of public utilities; effective 9/10/2019.** This bill excludes costs incurred by public utilities for lobbying and political activity from rates.

**SB 284-FN establishing a statewide, multi-use online energy data platform; effective 9/17/2019.** This bill establishes a statewide, multi-use online energy data platform that will allow utilities, their customers, and third parties to access and share data regarding customer energy usage.

**SB 286-FN relative to aggregation of electric customers by municipalities and counties; effective 10/1/2019.** This bill allows municipalities and counties to aggregate within their boundaries electric customers who do not opt out of being included in an aggregation program.

# PRIMARY STATUTORY AUTHORITY

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The following chart details the primary statutes and authority applicable to the Public Utilities Commission:

Statute	Provision of Commission Authority (C.R.S. Title 108)
38	Certain municipal utility operations and disputes between municipalities and utilities
53-E:7	Aggregation of electric customers by municipalities and counties
72:8-e	Rate recovery mechanism for public utilities' recovery of property taxes paid to municipalities on distribution assets
125-O:23	Use of the Energy Efficiency Fund
362	Jurisdiction over electric, telephone, water, sewer, gas, and pipeline utilities
362-A	Limited electrical energy producers and qualifying co-generators; purchase of electric output under Commission-approved rate orders; procedures for buydown, buyout, or renegotiation of rate orders; net energy metering; and approval of new low-moderate income community solar projects
362-F	Implementation of renewable portfolio standards for providers of electricity, and authority to administer the Renewable Energy Fund
362-H	Power purchase agreements between utilities and eligible facilities
363: 1-21, 27	Appointment, removal, compensation of Commissioners; structure and composition of staff; procedural and ethical guidelines for the operation of the Commission; and authority to contract for power
363: 22-23	Investigate interstate rates, fares, and charges, and authority to petition any federal government department or court of competent jurisdiction for relief
363:30-36	Procedures to designate advocacy and decisional staff and assess costs
363-A	Expenses against certain utilities
363-B	Procedures for termination of certain utility services
364	Investigate the public need for a municipality to acquire an existing public utility, construct a public utility, or expand an existing municipal utility and to determine the feasibility of such plans
365: 1-21, 23, 25- 28, 37-38-a, 40-44	Procedures governing complaints against public utilities, investigations of public utilities, proceedings before the Commission, and recovery of fees and costs, as well as penalties and other sanctions for noncompliance; adoption of rules for requiring natural gas companies to keep track of lost or unaccounted for gas each year
365: 29-30, 34	Order reparations for up to two years based on a finding of illegal or unjustly discriminatory rates
365: 35, 38-a	Recovery of costs associated with Commission proceedings, including authority to grant compensation to certain intervenors for cost of participation



# PRIMARY STATUTORY AUTHORITY

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366	Contracts between utilities and affiliates, sale of utility securities to or by employees, and information to be disclosed regarding affiliates
369	Utility financing, including securities, mortgages, short- and long-term debt; and limited authority over certain mergers and reorganizations
369-B	Standards for electric rate reduction bonds
370:1-9	Service equipment of public utilities, including the determination of units of service, standards for meter accuracy, and related enforcement procedures
371	Public utility eminent domain proceedings and authority to approve utility crossings across public waters and State-owned land
374	Supervise and investigate public utilities including general supervision, franchising requirements, and certain provisions specific to telecommunications services
374:3-a, 374:3-b	Use of alternate forms of utility regulation, and regulatory standards for small incumbent local exchange providers
374:48-56	Administration of the Underground Facility Damage Prevention System
374-A:7	Regulation of foreign electric utilities
374-B	Municipal electric revenue bonds and notes
374-F	Promotion of competition in retail electric service, restructuring principles, transition and default electric service, stranded costs, collection and uses of the system benefits charge, and regulation of competitive electricity suppliers
374-G	Rate recovery for utility investments in distributed energy resources
378	Commission authority and procedures relative to utility rates, fares, charges, and prices; establishment of local calling areas and reduction in access charges; standards for special contracts; confidentiality provisions specific to telecommunications services; prohibition against including construction work in progress in rates; requirement for electric and gas utilities to file biennial least cost plans; regulation of certain billing practices by utility companies; and implementation of a statewide, multi-use online energy data platform
674:30, III-IV	Exemption of structures used by a public utility from municipal regulation

<b>PSA</b>	<b>Statutes Authority for the Office of Consumer Advocate</b>
363:28-28-a	Office of the Consumer Advocate and Residential Ratepayers Advisory Board

# SITE EVALUATION COMMITTEE

BIENNIAL REPORT 2019

## OVERVIEW

The Site Evaluation Committee (SEC) is administratively attached to the Commission. The position of SEC Administrator was established in statute in 2014, and reports to the Chair of the Commission, who also serves as the Chair of the SEC. The Vice-Chair of the SEC is the Commissioner of the Department of Environmental Services. The two Public Utilities Commission Commissioners 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 percent. 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.

SITE EVALUATION COMMITTEE DISBURSALS		
	BY 2018	BY 2019
Salaries	100,936	105,234
Overtime	1,342	0
Current Expense	8,233	4,459
Transfers to OIT	15,848	13,493
Transfers to General Services	9,734	8,269
Equipment	-	165
Telecommunications	798	824
Indirect Costs	15	16
Consultants	120	9,023
Transfers to Other State Agencies	4,707	5,539
Other Personnel Services	18,526	2,281
Benefits	39,959	38,952
Board Expenses	47,691	32,072
Remuneration	336,658	272,287
Travel (In State)	9936	2,590
Travel (Out of State)	740	-

## PROJECTS

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

- Joint Application of Northern Pass Transmission and Eversource Energy.
- Application of Eversource Energy for Construction of the Seacoast Reliability Project.
- Petition for Declaratory Ruling of the Antrim Wind Opponents.
- Petition for Declaratory Ruling of New Hampshire Transmission, LLC Regarding Transmission Substation Upgrade.
- Joint Petition of Walden Green Energy Northeast Wind, LLC, Walden Antrim, LLC, and Antrim Level, LLC for Approval of the Transfer of Membership Interests in Antrim Wind Energy, LLC.
- Motion to Modify the Certificate of Site and Facility of Antrim Wind Energy, LLC.

## OVERVIEW

The Office of the Consumer Advocate (OCA) has a clearly defined mission under RSA 363:28 – to represent the interests of New Hampshire’s residential utility customers in any forum where those interests are at stake. The OCA’s job is both limited – it represents only the collective interests of residential customers, and not those of commercial and industrial customers – and broad, in the sense that there are no limits on where the OCA can litigate and participate.

The bulk of the OCA’s work involves participating as a full party in proceedings before the Public Utilities Commission. The Commission’s statutory mission is to serve as the arbiter between the interests of shareholders and the interests of customers at investor-owned utilities. The utilities are typically well represented in Commission proceedings. Thus, the OCA adds weight to the other side of the regulatory scale and thereby helps the Commission fulfill its arbiter role.

New Hampshire is one of more than 40 states (and the District of Columbia) that support a ratepayer advocacy office.

## OCA STAFF

The Consumer Advocate is an unclassified state employee appointed for a four-year term by the Governor and approved by the Executive Council. The Consumer Advocate leads a staff of four fulltime, classified employees: an Assistant Consumer Advocate, a Staff Attorney, a Director of Finance, and a Legal Assistant. The OCA’s enabling statute requires the Consumer Advocate to be an attorney admitted to the practice of law in New Hampshire. This allows the OCA to appear directly in proceedings before all judicial and administrative tribunals, as it deems necessary.

Attorney D. Maurice Kreis has served as Consumer Advocate since February 2016 and was recently confirmed to a second term, which expires in November 2023. He has previously served as general counsel of the Commission, as a hearing officer with the Vermont Commission, and as a professor at Vermont Law School. Assistant Consumer Advocate Pradip Chattopadhyay is a PhD economist and former Commission analyst. Director of Finance James Brennan holds an MBA and is a former Commission analyst. The newest member of the OCA team, Staff Attorney Christa Shute, joined in October 2019, after serving as a global energy fellow at Vermont Law School.

## RESIDENTIAL RATEPAYERS ADVISORY BOARD

Since 1999, a nine-member Residential Ratepayers Advisory Board has served as an official sounding board for the OCA while playing a statutory gatekeeping role in the appointment or reappointment of the Consumer Advocate. Advisory Board members serve three-year terms; the Governor, the President of the Senate, and the Speaker of the House each appoint three Advisory Board members on a staggered basis. Advisory Board meetings are open to the public.

## THE OCA AT THE COMMISSION

The principal job of the OCA is to help the Commission make good on its statutory role (as the arbiter between the interests of utility shareholders and those of utility customers) by counterbalancing the effective advocacy of the utilities. The bread and butter of this work is rate cases, and over the most recent two years the OCA presented testimony and vigorously participated in rate cases involving the electric and natural gas affiliates of Unitil and Liberty Utilities as well as Eversource and several water companies. Of particular note is the OCA's successful effort to persuade Liberty to adopt revenue decoupling for its gas affiliate. Revenue decoupling severs the connection between a utility's volumetric sales and its revenue (including profits), thus eliminating the so-called "throughput incentive" that can inhibit utilities from helping customers use less energy.

The OCA is a vigorous proponent of the stakeholder engagement model the Commission has embraced in connection with the arrival on January 1, 2018 of New Hampshire's energy efficiency resource standard. Prior to 2018, the size and scope of ratepayer-funded energy efficiency programs were driven by predetermined budgets. Now the Commission approves energy savings goals and the rates are adjusted as necessary to achieve those goals. The OCA believes that energy efficiency is the cheapest way to meet the next unit of energy demand, but only if funding is limited to energy efficiency that is truly cost effective. Thus, the OCA participated actively in the working group the Commission convened in 2018 and 2019 to develop a new and improved cost-benefit test for energy efficiency programs and, potentially, other energy initiatives that are ultimately supported by ratepayers.

Active participation in the Commission's grid modernization investigation, which has been ongoing since 2015, remains a top priority for the OCA. In September 2019 the OCA submitted testimony, developed in conjunction with the Wired Group in Colorado (a leading consumer-friendly expert on such initiatives), that recommended (1) opening up the process of electric utility capital planning to meaningful stakeholder participation, and (2) subjecting certain investments to risk-informed decision-making support. This is an approach developed by NASA to help it prioritize efforts to mitigate the multitude of risks inherent in space exploration.

## THE OCA AT THE GENERAL COURT

The OCA endeavors to serve as a resource to legislators by addressing the effects on residential customers of utility-related legislation. Beyond that, the OCA strives to avoid advancing a particular policy agenda at the General Court. However, in 2019 the OCA drafted and successfully advocated for Senate Bill 284, signed into law as Chapter 286 of the 2019 New Hampshire Laws. This new statute places New Hampshire on the path of developing a statewide utility customer-data platform that relies on the Green Button "connect my data" standard.

In the view of the OCA, providing customers with a mechanism for using and sharing their usage data will allow them, possibly for the first time, to access the benefits of industry restructuring for which they have paid dearly in stranded cost recovery. The platform will be developed with Commission oversight, stakeholder input, and rigorous fidelity to privacy standards – including the statutory requirement that customers must affirmatively opt in to any sharing of individual usage data.

# OFFICE OF CONSUMER ADVOCATE

BIENNIAL REPORT 2019

## THE OCA AT THE REGIONAL AND FEDERAL LEVELS

The OCA is a voting member of NEPOOL, the stakeholder advisory body to regional grid operator ISO New England. This allows for an effective and cooperative partnership with the Commission in its capacity as a member of NESCOE, which represents the states on regional and federal matters. During the past two years the OCA has argued (regrettably, with limited success) for opening up NEPOOL meetings to the public. The OCA supported the Commission's efforts to challenge the ISO New England "inventoried energy" initiative that one FERC Commissioner labeled "an utter waste of ratepayers' money." The OCA worked with the New England Ratepayers Association to obtain a declaratory judgment from the FERC to the effect that nonbypassable subsidies to certain independent power producers in New Hampshire were inconsistent with provisions of the Federal Power Act that protect consumers.

OFFICE OF CONSUMER ADVOCATE (\$)		
COMMISSION	2017	2018
Salaries	369,793	390,658
Current Expense	1,793	2,960
Rent & Lease – Other	1,536	1,408
Organizational Dues	4,340	4,500
Transfers to OIT	38,519	36,978
Transfers to General Services	17,738	15,064
Telecommunications	2,026	2,099
Indirect Costs	5,527	5,693
Consultants	0	0
Trans. To Other Agencies	13,522	13,847
Other Personnel Services	0	0
Westlaw	5,939	4,405
Benefits	161,143	187,164
Educational Training	1,025	1,969
Travel (In State)	624	578
Travel (Out of State)	4,798	8,219
Litigation Expense	79,765	29,295
	302,253	301,837



New Hampshire Public Utilities Commission • 21 South Fruit Street, Suite 10 • Concord, NH 03301  
Phone: (603) 271-2431 • FAX: (603) 271-3878 • TDD Access: Relay NH (603) 1-800-735-2964  
Internet: <http://www.puc.nh.gov>