

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF MARC E. LEMÉNAGER
PETITION FOR RECOVERY OF STORM EXPENSES
Docket No. DE 19-XXX

I. INTRODUCTION

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

A. My name is Marc E. Leménager. My business address is 780 North Commercial Street, Manchester, NH. I am employed by Eversource Energy Service Company as an Analyst for New Hampshire Revenue Requirements and in that position I provide service to Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or the “Company”).

Q. Have you previously testified before the Commission?

A. Yes, I have previously filed testimony in Docket No. DE 18-058 for recovery of costs associated with prior storms and prestaging events experienced by the Company.

Q. Can you please briefly explain your educational and relevant professional experience?

A. Certainly. I completed my undergraduate studies in 2010 from Southern New Hampshire University with a B.S. in Economics and Finance. In 2014, I attained an MBA from Southern New Hampshire University with a concentration in Quantitative Analysis. From 2012 to 2015, I was employed at Bowers & Wilkins, a high-end loudspeaker and headphone company, as a financial analyst. My responsibilities included preparing quarterly and annual financial reports, reviewing contracts with our largest vendors, including Apple and Best Buy, managing the company’s direct-to-consumer online store, and managing inventory levels across all U.S. warehouses. Since 2015, I have been employed by Eversource in my current role as an Analyst in the New Hampshire Revenue Requirements department. Additionally, since 2016 I have been

1 employed as an Adjunct Instructor at Southern New Hampshire University where I have taught
2 multiple Economics courses within the School of Business.

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

4 A. I am currently responsible for assisting in the coordination and implementation of revenue
5 requirements calculations for Eversource, as well as the filings associated with Eversource's
6 default Energy Service ("ES") rate, Stranded Cost Recovery Charge ("SCRC"), and Transmission
7 Cost Adjustment Mechanism ("TCAM").

8 **Q. What is the purpose of this filing?**

9 A. The purpose of this filing is to: (1) present information on 11 pre-staging and storm response
10 events that occurred between July 2016 and December 2017 (collectively, the "Storm Events")
11 for review; and (2) seek approval from the Commission for the identified costs from the Storm
12 Events to be recovered using funds contained in Eversource's Major Storm Cost Reserve
13 mechanism ("Reserve" or "MSCR"). The Storm Events are all eligible for storm-fund deferral
14 treatment pursuant to the Reserve mechanism established in Docket No. DE 99-099 and the
15 prestaging criteria approved in Docket No. DE 12-320.

16 **Q. Is the Company proposing a rate to take effect as a result of this filing?**

17 A. No. The Company is not proposing a rate for effect as part of this filing. The Company is
18 requesting that the storm costs be reviewed for accuracy, but that any necessary rate change
19 associated with the storm cost deficiency will be addressed as part of the rate review.

20 **Q. Please define the requirements for a weather event to be applicable for recovery within the**
21 **MSCR.**

22 A. For all impending storms, Eversource receives an Energy Event Index ("EEI") from its outside
23 vendor, DTN (formerly Telvent). The EEI provides highly detailed weather forecasts by region
24 and zone for the Eversource service area. DTN's EEI forecast includes all relevant weather

1 metrics needed to determine the likely severity and location of an impending severe storm. The
2 EEI ranks the strength of the storm on a scale from 1 to 5, where 5 will be the most severe and
3 cause the most damage, and then applies a likelihood against the forecasted strength of the storm.
4 Pursuant to the criteria established in Docket No. DE 12-320, pre-staging costs can be recovered
5 through the MSCR if the weather event has a “high” (greater than 60% based on the forecast)
6 probability of reaching “Level 3” or stronger, according to the EEI. *See* Order No. 25,465
7 (February 26, 2013) in Docket No. DE 12-320 at 4. For non-prestaging events, once a storm has
8 hit, for a weather event to be considered a Major Storm eligible for recovery through the MSCR
9 certain criteria must be met. A Major Storm is defined as an event that results in either: a) 10%
10 or more of Eversource’s retail customers being without power in conjunction with more than 200
11 reported troubles; or b) more than 300 reported troubles during the event. *See* Order No. 25,465
12 at 1.

13 **Q. Can you please list the Storm Events which are the subject of this filing?**

14 A. In this filing, the Company is presenting information supporting the costs for 11 storm and pre-
15 staging events that occurred from July 2016 through December 2017: (1) July 23, 2016 Major
16 Storm; (2) December 29, 2016 Pre-Staging event; (3) February 12, 2017 Pre-Staging event; (4)
17 February 16, 2017 Pre-Staging event; (5) March 2, 2017 Major Storm; (6) March 14, 2017 Pre-
18 Staging event; (7) March 15, 2017 Major Storm; (8) March 31, 2017 Pre-Staging event; (9)
19 October 29, 2017 Major Storm; (10) December 23, 2017 Major Storm; and (11) December 25,
20 2017 Pre-Staging event (collectively, the “Storm Events”).

21 **Q. Are there other storm and pre-staging events that have occurred but are not included in**
22 **this filing?**

23 A. Yes. There are other pre-staging and storm events that have occurred since December 31, 2017,
24 none of which are included in this filing. These weather events are in the process of having their

1 cost schedules finalized and copies of their invoices compiled.

2 **Q. Please provide a brief history of the Reserve and describe its evolution.**

3 A. The Company is allowed to defer costs attributable to pre-staging and restoration efforts deriving
4 from severe weather events that meet the criteria mentioned previously. Under the Docket No.
5 DE 99-099 Settlement, Eversource established its MSCR, with annual funding of \$3.0 million,
6 for the purpose of covering the incremental costs associated with severe weather events. Under
7 the Docket No. DE 09-035 Settlement, Eversource was authorized to increase the funding level to
8 \$3.5 million annually. Under Order No. 25,382 (June 27, 2012) in Docket No. DE 12-110,
9 Eversource was authorized to increase the funding level to \$7.0 million annually. Order No.
10 25,465 in Docket No. DE 12-320 allowed pre-staging events that had a “high” probability of
11 reaching “Level 3” according to the EEI to be eligible for recovery under the MSCR. Under
12 Order No. 25,534 (June 27, 2013) in Docket No. DE 13-127, Eversource was authorized to
13 increase the fund level to \$12.0 million annually, where it has remained since that time. The
14 Company’s storm fund balance, including carrying charges at the stipulated rate of return, was
15 approximately \$48.8 million as of February 28, 2019. However, this amount includes funds that
16 will be used in part to offset storms from 2013 through June 2016 that were filed with the
17 Commission in DE 18-058 but have not yet been approved for recovery via the MSCR. Excluding
18 these funds, the estimated fund balance as of February 28, 2019 was approximately \$8.3 million.
19 The stipulated rate of return that the fund balance earns is the same rate that is accruing on the
20 storm costs.

21 **Q. How is this filing organized?**

22 A. This filing is organized to facilitate the efficient review of costs by the Commission and its Staff.
23 To achieve this objective, the Company has developed a spreadsheet analysis that organizes the
24 costs incurred for each storm into the following format: (1) summary of costs; (2) charges from
25 external contractors and other outside vendors; (3) procurement card charges; (4) incremental

storm related payroll costs, payroll related overheads and taxes, incremental vehicle and employee expenses; and (5) material costs. Documentation and supporting backup analysis is being made available to the Commission's Audit Staff.

Following this introduction is a review of each cost category in Section II. Section II also describes the review process that is undertaken to analyze charges from outside vendors to ensure that costs are accurate and reasonable. Section III provides concluding remarks.

II. COST ANALYSIS AND DOCUMENTATION

Q. For the Storm Events, which have yet to be audited, please provide the total amount of storm costs included in this filing related to the restoration of power.

A. As illustrated in the table below, the Company incurred incremental, storm-related preparation and response costs totaling approximately \$45.6 million in relation to the 11 Storm Events listed. These amounts do not include any costs capitalized within utility plant on the Company's books nor the carrying charge associated with the costs incurred. Including the carrying charge associated with the timing of each of these expenditures, the total cost including carrying charges as of 02/28/19 is approximately \$49.2 million.

Storm	Total Incremental Cost	Carrying Costs 02/28/19	Total Cost 02/28/19
07/23/16 Storm	\$ 4,078,516	\$ 553,113	\$ 4,631,629
12/29/16 Pre-Staging	\$ 1,025,023	\$ 120,325	\$ 1,145,349
02/12/17 Pre-Staging	\$ 161,058	\$ 16,825	\$ 177,884
02/16/17 Pre-Staging	\$ 41,464	\$ 3,187	\$ 44,651
03/02/17 Storm	\$ 2,235,611	\$ 224,473	\$ 2,460,085
03/14/17 Pre-Staging	\$ 593,484	\$ 61,969	\$ 655,453
03/15/17 Storm	\$ 2,610,183	\$ 259,696	\$ 2,869,880
03/31/17 Pre-Staging	\$ 346,924	\$ 34,525	\$ 381,449
10/29/17 Storm	\$ 32,143,515	\$ 2,199,663	\$ 34,343,178
12/23/17 Storm	\$ 2,083,497	\$ 126,309	\$ 2,209,805
12/25/17 Pre-Staging	\$ 309,778	\$ 18,966	\$ 328,744
Total	\$ 45,629,053	\$ 3,619,052	\$ 49,248,106

1 **Q. Can you please clarify the total amount to be recovered through the MSCR for the Weather**
2 **Events as of February 28, 2019?**

3 A. For the 11 Storm Events that are being requested for Commission audit and subsequent approval
4 of cost recovery through the MSCR, the total cost is approximately \$49.2 million. As stated
5 previously, the MSCR funding net of estimated funding used for pending weather events in DE
6 18-058 was approximately \$8.3 million as of 02/28/19. These estimated amounts also exclude
7 costs related to any weather events occurring post-2018. With the current MSCR funding rate, the
8 estimated \$40.9 million in remaining costs will be offset by approximately July 2022.

9 **Q. Did the Company review the incremental storm expenses to ensure the amounts identified**
10 **are accurate and correctly attributable to each event?**

11 A. Yes. The Company undertook a thorough review of invoices and costs recorded to the
12 Company's system in relation to these events. In conducting that review, the Company carefully
13 examined the cost entries to confirm that the costs are incremental costs directly attributable to
14 the emergency response and not otherwise represented or recoverable in any other rate, charge or
15 tariff.

16 Moreover, all the costs presented for recovery in this filing were reasonably and necessarily
17 incurred to prepare for and respond to the Storm Events. The costs in this filing were incurred to
18 make the repairs necessary to address the damage caused by those severe weather events.

19 **Q. What is the Company's primary tool for accounting for storm-restoration costs?**

20 A. During the pre-storm planning process for a pending Emergency Response Plan ("ERP") event,
21 the Company establishes storm work orders within its financial system to capture costs as those
22 costs are incurred. All applicable costs are captured in the work order (and are outlined in the
23 attachments to this testimony). For example, as employees work on restoration efforts, all their
24 work hours are charged to the appropriate work order, which allows for the tracking of storm

1 costs. To capture emergent costs incurred by employees in fulfilling their storm duties, the
2 Company utilizes procurement cards. Emergent costs are low-dollar purchases during a storm
3 event. The purpose of these purchases is to acquire needed items that are not typically
4 maintained in inventory and are not capital items. Examples of these types of items include tape
5 and slings needed to make an area safe. Procurement cards allow employees to make immediate
6 purchases from vendors, while simultaneously providing management line-of-sight supervisory
7 ability to monitor charges and assess whether the charges are appropriate and includable for
8 storm-cost recovery. For an ERP event, corporate purchase cards are used to ensure that costs are
9 segregated and recorded directly to specific storm-related accounts on the Company's accounting
10 books and records. Receipts for all purchases are required for submission into the Company
11 system. The Company's systems also allow for supervision of the card use for all corporate
12 procurement cards.

13 **Q. Are capitalized storm costs excluded from this request for recovery?**

14 A. Yes. In a Major Storm event, capital costs are incurred in relation to the restoration and/or
15 replacement of distribution equipment damaged by the storm. Capital work occurs in two phases
16 of the storm: (1) during the initial phase of the storm, in the days immediately following the storm
17 when the Company is working to restore power to customers efficiently and safely; and (2)
18 during the non-emergency, post-storm restoration phase, which can last well after the event date,
19 as permanent repairs are made to replace temporary repairs made to restore power immediately
20 following the storm.

21 In general terms, work is considered capital under utility general accounting rules where a unit of
22 property is either replaced or newly installed. During the initial phase of the storm, there is a
23 significant level of activity occurring, all with a paramount focus on expeditious restoration.
24 Therefore, initially all material and labor is charged to the expense work order established for the
25 event to track costs for the storm event. After the storm, all material charges are reviewed and

1 any units of property are moved to a capital work order, along with the associated labor costs. As
2 a result, the costs submitted in this filing for recovery through rates are exclusive of any
3 capitalized costs incurred to make storm-related repairs. All capital costs are simply reflected
4 within utility plant subject to the ordinary distribution ratemaking process.

5 Here is the process for capitalizing materials used during a storm:

6 All restoration costs are initially accumulated in an expense work order specific to that event.
7 Once the costs have been collected in the work order, the material issued or charged to the storm
8 expense work order is reviewed to identify capital units of property (retirement units). Based
9 upon the units of property identified, an estimate is developed of the work performed during a
10 storm that should be capitalized. This estimating process utilizes information from the company's
11 work management system, such as man-hour estimates, to develop the installed cost associated
12 with the replacement of capital units of property during the storm restoration. The installed cost
13 of the capital units of property is estimated at a high level (labor, vehicles, material, overheads),
14 but not at a transaction level. Once the capitalized costs are determined, they are transferred from
15 the storm expense work order to a separate capital work order and ultimately closed to the
16 appropriate plan accounts. This process has been used by Eversource for many years to capitalize
17 material costs during a Major Storm event as it would be burdensome to charge each capital item
18 to a unique work order as is the case when work is performed in a non-storm restoration situation.

19 **Q. In DE 18-058, Audit Staff and Staff recommended removing certain charges deemed to be**
20 **“Media Communications”. Are these costs included in the schedules for these 11 weather**
21 **events?**

22 **A.** While no costs exist for Ergonomics Group or Twenty First Century, for the events included in
23 this submission the Company has utilized the services of West Interactive Services Corp. to fulfill
24 a similar role as Twenty First Century. These costs are included in the schedules for these
25 weather events within the Contractor sections. These costs have been included because, as noted

1 in its February 6, 2019 response to the Staff's recommendation in Docket No. DE 18-058, the
2 Company continues to believe that these costs are prudently incurred incremental storm-related
3 expenses not otherwise recovered through its rates; and these costs have previously been audited,
4 specifically reviewed, found to be prudently incurred, and recovered through the MSCR.

5 **Q. Would you please provide an overview the costs that are included for review in this filing,**
6 **by cost category?**

7 A. Yes. The Company has organized the costs relating to each storm event into four categories.
8 These categories are: (1) charges from external contractors and other outside vendors; (2)
9 procurement card and other logistical charges; (3) incremental storm related payroll costs, payroll
10 related overheads and taxes, incremental vehicle and employee expenses; and (4) materials costs.
11 Documentation and/or analyses are provided for each of these categories. Below, each one of
12 these four categories is discussed to provide an explanation of each category.

13 **Q. The first cost category is external contractors and outside vendors. Would you please**
14 **explain what types of costs are included in the category?**

15 A. Yes. This first category encompasses any external product or service required by the Company to
16 prepare for and execute the restoration effort. The total costs incurred in this category for the
17 Storm Events are approximately \$33.9 million, as shown below.

Storm	External Contractors & Outside Vendors
07/23/16 Storm	\$ 2,627,331
12/29/16 Pre-Staging	\$ 831,176
02/12/17 Pre-Staging	\$ 58,789
02/16/17 Pre-Staging	\$ 19,351
03/02/17 Storm	\$ 1,442,238
03/14/17 Pre-Staging	\$ 564,690
03/15/17 Storm	\$ 1,639,531
03/31/17 Pre-Staging	\$ 266,563
10/29/17 Storm	\$ 25,102,743
12/23/17 Storm	\$ 1,257,640
12/25/17 Pre-Staging	\$ 78,736
Total	\$ 33,888,788

1 **Q. What are the types of costs that are incurred relating to external contractors and outside**
2 **vendors?**

3 A. The costs billed to Eversource in this category are costs incurred in relation to external
4 contractors and outside vendors providing services in three primary classifications: (1) overhead
5 line crews; (2) vegetation-management services; and (3) other invoiced costs, such as
6 environmental, communications, police detail, transportation, professional logistics, and food and
7 lodging expenses.

8 **Q. Would you explain what types of costs are incurred in relation to overhead line crews and**
9 **vegetation management services?**

10 A. Yes. Costs incurred in the classification of overhead line crews are for repair crews called in to
11 work on the overhead system to restore power to customers. Within this category, there are two
12 types of resources: (1) professional line contractors engaged to work on the Eversource system
13 during severe weather emergency periods; and (2) mutual aid line crews obtained from other
14 electric utilities, including Eversource's affiliated companies in other states.

15 Costs incurred in the classification of vegetation management are for the crews that are
16 responsible for the safe removal of trees, branches, and other like debris that has created outages
17 along Eversource's system. These resources are professional contractors engaged to work on the
18 Eversource system during severe weather emergency periods.

19 **Q. How are the rates for these three types of crews established?**

20 A. The rates paid to contractors who work on the Eversource system during non-emergency periods
21 are established through a negotiated purchase order process, which defines the rate structure. The
22 rates for external contract crews hired for the exclusive purpose of the storm are also established
23 through the negotiated purchase order process. The rates for mutual aid crews are established
24 through the Edison Electric Institute's Governing Principles Covering Emergency Assistance

1 Arrangements Between Edison Electric Institute Member Companies. The principle of mutual
2 aid is that a utility is compensated based on its cost to provide services to another sister utility.

3 **Q. What is the internal review process that is followed to verify that invoiced costs from**
4 **external contractors and outside vendors are correct?**

5 A. The Resource Acquisition Section is comprised of individuals who are responsible for the
6 procurement of contractor resources. The Resource Acquisition Section works in partnership
7 with the Logistics Section and the Company's Procurement Department to secure contractors at
8 the direction of the Incident Commander and Electric Operations Section Chief, with input from
9 the other ERP section chiefs, as appropriate. As part of the procurement process, rates and
10 mobilization/demobilization procedures are negotiated and agreed to with the vendor. In
11 addition, throughout the event, Eversource supervisors are specifically assigned to the external
12 crews to oversee the work of external resources. Each day, the contractors prepare timesheets,
13 which are verified and signed off by the designated Eversource supervisor to ensure that the
14 indicated work hours are accurate. The Company's Resource on Demand system is also used to
15 track and validate contractor work time.

16 After the event, each contractor hired by Eversource to perform storm-related services renders
17 invoice(s) related to those services. The invoice detail is initially reviewed by Eversource clerical
18 personnel, who is responsible for verifying that accurate (contract) rates are charged for each job
19 classification based on the rates negotiated. The clerical employee also verifies the mathematical
20 accuracy of the calculations on the bill, as well as whether the hours on the invoice align with the
21 hours reported to the Company (or recorded by the Company) during the event. After this initial
22 review, the invoices are further reviewed by an Eversource supervisor prior to approval of the
23 invoice.

During the review of these invoices, if discrepancies are identified or additional information is needed, Eversource personnel contact the vendor and, if adequate supporting documentation is not available, invoice charges are rejected in part or in total, as appropriate. In addition, if discrepancies are identified that resulted in over or under charging, Eversource works with the vendors to reconcile and pay the appropriate amount due.

Q. The second category is procurement card and other logistical charges. How are these costs compiled?

A. The costs incurred in this category are approximately \$1.5 million, as shown below.

Storm	Procurement Card & Other Logistical Charges
07/23/16 Storm	\$ 81,557
12/29/16 Pre-Staging	\$ 48,290
02/12/17 Pre-Staging	\$ 2,544
02/16/17 Pre-Staging	\$ 358
03/02/17 Storm	\$ 62,542
03/14/17 Pre-Staging	\$ 1,690
03/15/17 Storm	\$ 75,227
03/31/17 Pre-Staging	\$ 2,569
10/29/17 Storm	\$ 1,182,267
12/23/17 Storm	\$ 67,723
12/25/17 Pre-Staging	\$ 12,905
Total	<u>\$ 1,537,672</u>

A large portion of these costs relate to lodging and meals for external contractors working on the system. The Company also provides meals and lodging for internal crews and support staff who may have to travel some distance from home or work extended hours to perform restoration work within the Eversource service territory.

Q. How are lodging and meals procured and tracked?

A. The Logistics Section of the ERP team is responsible for arranging lodging for internal and external personnel. In advance of a storm event, the Logistics team coordinates with hotels across the system to validate the availability of rooms depending on the size of the event. As rooms are needed, the hotels with sufficient availability in the areas where contractor resources

1 will be assigned are called to book lodging. All invoices associated with meals and lodging are
2 reviewed by the Logistics Section and signed off by the manager in charge of the group to assure
3 that the Company only pays for lodging and not for un-related room charges.

4 In most cases, lodging arrangements are paid for via a procurement card. All cardholders are
5 responsible for the charges on their procurement card and are required to provide receipts along
6 with the associated statements to their managers for final review and approval. Procurement
7 cards are also utilized to pay for meals or food brought into the service centers for those
8 employees working there. The Logistics Section coordinates the meal arrangements at the
9 various service centers. Meals and water as needed are also purchased by individuals who have
10 their own designated procurement cards.

11 **Q. The third category is incremental storm related payroll costs, payroll related overheads and**
12 **taxes, incremental vehicle and employee expenses. How have costs been compiled for this**
13 **category?**

14 **A.** The costs incurred for direct, internal payroll are approximately \$7.6 million, as shown below:

Storm	Storm-related Payroll
07/23/16 Storm	\$ 857,993
12/29/16 Pre-Staging	\$ 99,219
02/12/17 Pre-Staging	\$ 60,388
02/16/17 Pre-Staging	\$ 12,291
03/02/17 Storm	\$ 552,857
03/14/17 Pre-Staging	\$ 12,586
03/15/17 Storm	\$ 676,459
03/31/17 Pre-Staging	\$ 57,641
10/29/17 Storm	\$ 4,521,811
12/23/17 Storm	\$ 570,372
12/25/17 Pre-Staging	\$ 197,091
Total	<u>\$ 7,618,707</u>

15
16 The payroll category includes the incremental labor costs for union and non-union personnel.

Employees are required to account for each hour worked every day. Employees in the field with a designated timekeeper fill out a paper timesheet with their hours worked. The timesheet is reviewed and approved by the employee's supervisor and entered into Eversource's time and attendance system by a clerical employee in the office. Employees with access to Eversource's time and attendance system enter their own time directly and supervisors review and approve payroll in that system.

For the union personnel discussed above, the actual costs related to their worked hours is based on the applicable collective-bargaining agreement(s), if applicable.

Exempt employee time is captured and tracked in the same storm account. Since exempt employees are not routinely paid for overtime, this time entry is for tracking purposes only. During the most severe weather events, exempt employees are required to work an extensive number of hours over their typical work week. In certain cases, because of the extent of the hours worked, employees at the level of manager and below are awarded fixed compensation. The 07/23/16 Storm, 10/29/17 Storm and 12/25/17 Pre-Staging contain compensation awards for exempt employees who worked extended hours in support of the restoration process.

The Company includes payroll-related overheads for affiliates in the total storm costs. The costs incurred for payroll-related overheads and taxes are approximately \$0.8 million, as shown below.

Storm	Payroll-related Overheads and Taxes
07/23/16 Storm	\$ 240,694
12/29/16 Pre-Staging	\$ 10,307
02/12/17 Pre-Staging	\$ 4,179
02/16/17 Pre-Staging	\$ -
03/02/17 Storm	\$ 45,870
03/14/17 Pre-Staging	\$ 3,557
03/15/17 Storm	\$ 55,381
03/31/17 Pre-Staging	\$ 3,873
10/29/17 Storm	\$ 364,651
12/23/17 Storm	\$ 20,003
12/25/17 Pre-Staging	\$ 3,914
Total	\$ 752,429

The payroll-related overheads and taxes for affiliates would not have been incurred by Eversource except for the need to conduct the storm-response effort.

Q. Has the Company removed overtime costs associated with storm-related capital work?

A. Yes. As mentioned above, the Company uses a capitalization process that estimates the costs for labor, vehicles and overheads associated with the capital units of property installed and removed during a restoration event. Factored into that estimation is an assumption that all work is performed under adverse weather conditions and on overtime. Therefore, overtime is removed from the storm costs when labor costs are transferred from the expense work order to the capital work order.

Q. Please quantify and explain the costs incurred due to vehicles.

A. Vehicle costs are incurred when a Company vehicle is needed to perform restoration work or, in the case of pre-staging, be deployed in advance of the anticipated weather to be ready to respond to the most affected areas as they emerge. The costs incurred for use of vehicles during the restoration work are approximately \$1.2 million, as shown below:

Storm	Vehicle Expenses
07/23/16 Storm	\$ 233,691
12/29/16 Pre-Staging	\$ 33,875
02/12/17 Pre-Staging	\$ 33,222
02/16/17 Pre-Staging	\$ 9,367
03/02/17 Storm	\$ 114,428
03/14/17 Pre-Staging	\$ 9,930
03/15/17 Storm	\$ 133,711
03/31/17 Pre-Staging	\$ 13,407
10/29/17 Storm	\$ 485,591
12/23/17 Storm	\$ 107,435
12/25/17 Pre-Staging	\$ 16,557
Total	\$ 1,191,214

Q. What other support costs are incurred during an event?

A. Other costs may be incurred during an event and are eligible for reimbursement, such as meals

and mileage for those employees that are working the storm event that may not have a procurement card. The costs incurred for other support costs are approximately \$0.2 million, as shown below:

Storm	Other Employee Expenses
07/23/16 Storm	\$ 32,968
12/29/16 Pre-Staging	\$ 2,157
02/12/17 Pre-Staging	\$ 1,937
02/16/17 Pre-Staging	\$ 98
03/02/17 Storm	\$ 8,242
03/14/17 Pre-Staging	\$ 1,030
03/15/17 Storm	\$ 11,968
03/31/17 Pre-Staging	\$ 2,872
10/29/17 Storm	\$ 72,776
12/23/17 Storm	\$ 59,622
12/25/17 Pre-Staging	\$ 575
Total	\$ 194,244

Q. The fourth category is materials. How are costs compiled for this category?

A. The costs incurred for materials are approximately \$0.4 million, per the table below.

Storm	Itemization of Materials
07/23/16 Storm	\$ 4,281
12/29/16 Pre-Staging	\$ -
02/12/17 Pre-Staging	\$ -
02/16/17 Pre-Staging	\$ -
03/02/17 Storm	\$ 9,434
03/14/17 Pre-Staging	\$ -
03/15/17 Storm	\$ 17,906
03/31/17 Pre-Staging	\$ -
10/29/17 Storm	\$ 413,676
12/23/17 Storm	\$ 702
12/25/17 Pre-Staging	\$ -
Total	\$ 445,999

The Materials category represents the incremental costs associated with the materials used to

1 restore power and repair storm damage. Typically, these are small items like tape, nuts and bolts,
2 and short sections of wire, safety and protective equipment. Also included in these amounts are
3 store and lobby stock items purchased during a storm event.

4 **III. CONCLUDING REMARKS**

5 **Q. Were the costs presented in this filing for recovery reasonably and prudently incurred to**
6 **restore power to customers following the Storm Events?**

7 A. Yes. All of the costs that the Company has presented in this filing were incurred as part of the
8 Company's efforts to prepare for and respond to the storm conditions caused by the Storm
9 Events. As previously mentioned, each of these events met or exceeded the threshold required to
10 be recoverable via Eversource's MSCR. Significant resources were needed to prepare for the
11 Storm Events and to restore power in a reasonable timeframe. The actions taken by Eversource to
12 prepare for and respond to the weather events already audited by Commission Staff and the Storm
13 Events were appropriate and effective, and resulted in the restoration of power in a reasonably
14 prompt manner. Therefore, the costs that were incurred to achieve these results are eligible for
15 recovery through the Company's MSCR.

16 **Q. Does this complete your testimony?**

17 A. Yes, it does.