STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

October 29, 2020- 10:08 a.m.   DAY 3

[Remote Hearing conducted via Webex]

RE: DE 19-057
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
D/B/A EVERSOURCE ENERGY
Notice of Intent to File Permanent Rates
[Hearing on Settlement Agreement]

PRESENT:
Chairwoman Dianne Martin, Presiding
Commissioner Kathryn M. Bailey

Jody Carmody, Clerk
Eric Wind, PUC Remote Hearing Host

APPEARANCES:
Reptg. Public Service Co. of NH, d/b/a Eversource Energy:
Matthew J. Fossum, Esq.

Reptg. The Way Home:
Raymond Burke, Esq. (NHLA)
Stephen Tower, Esq. (NHLA)

Reptg. Clean Energy:
Elijah D. Emerson, Esq. (Primmer...)

Reptg. AARP:
John Coffman, Esq.

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

Reptg. Commission Staff:
Suzanne Amidon, Esq.
Scott Mueller, Esq.
Brian Buckley, Esq.

COURT REPORTER: SUSAN J. ROBIDAS, NHLCR NO. 44

I N D E X

I N D E X (CONT'D)

CLOSING STATEMENTS BY:

P R O C E E D I N G S

CHAIRWOMAN MARTIN: All right. Let's go on the record. We're here this morning to continue the hearing in DE 19-057 regarding the Eversource Energy Petition for Permanent Rates. We already made the necessary findings to hold this hearing remotely. However, I will remind everyone that if you have an issue during the hearing, you should call (603)271-2431. And if the public are unable to participate, the hearing will be adjourned and rescheduled.

Okay. Let's take roll call attendance of the Commission. My name is Dianne Martin. I am the Chairwoman of the Public Utilities Commission, and I am alone.

Commissioner Bailey.

COMMISSIONER BAILEY: Good morning. Commissioner Kathryn Bailey, and I am alone as well.

CHAIRWOMAN MARTIN: All right. And let's take appearances next, starting with Mr. Fossum.

MR. FOSSUM: Good morning,

Commissioners and assembled parties. This is Matthew Fossum, here for Public Service Company, doing business as Eversource Energy.

CHAIRWOMAN MARTIN: All right. Thank you.

And Mr. Kreis.

MR. KREIS: Good morning, Commissioners, and good morning fellow litigants. I am D. Maurice Kreis, the consumer advocate, speaking to you today from the world headquarters of the Office of the Consumer Advocate. And of course, I'm here on behalf of the Company's residential customers.

CHAIRWOMAN MARTIN: All right. Thank you.

Ms. Amidon.

MS. AMIDON: Suzanne Amidon for Commission Staff. And with me today is Scott Mueller and Brian D. Buckley. And for your information, Attorney Buckley will be conducting the examination of the first panel.

CHAIRWOMAN MARTIN: Okay. Thank

you for letting me know. And I'll just go through the other counsel I see on the screen. If I miss anyone, let me know. Let's see. Mr. Coffman.

MR. COFFMAN: Good morning, Your Honor. Appearing on behalf of AARP, I'm John Coffman.

CHAIRWOMAN MARTIN: All right. Thank you.

Mr. Burke.

MR. BURKE: Good morning, Commissioners, and good morning to the other parties. Raymond Burke from New Hampshire Legal Assistance, representing The Way Home. And with me today, appearing as my co-counsel, also from Legal Assistance, Stephen Tower.

CHAIRWOMAN MARTIN: Okay. Mr. Emerson.

MR. EMERSON: Good morning, Commissioners. This is Eli Emerson from Primmer, Piper, Eggleston & Cramer, on behalf of Clean Energy New Hampshire. Just as a note for the Commissioners, at 1:30, if the hearing is still going on, I have to leave, and Kelly Buchanan from Clean Energy New Hampshire will be representing CENH from that point forward. Thank you.

CHAIRWOMAN MARTIN: All right. Thank you for letting us know that.

I think everyone else on the screen as co-counsel has already been identified. But if I did miss anyone, please speak up now.

[No verbal response]

CHAIRWOMAN MARTIN: Okay. All right. For preliminary matters, I have the Company's motion for confidential treatment. I did -- the Company raised this on the first day of hearing, and no one objected at that time. Does anyone have an objection at this time? I just want to make sure that we've heard from everyone as to whether's there's an objection.

[No verbal response]

CHAIRWOMAN MARTIN: Okay. Seeing none, the Commission has considered the motion and grants the request for confidential treatment of the attachments and information identified in Appendix A of the motion.

All right. Anything else we need to cover before we start with witnesses?

[No verbal response]

CHAIRWOMAN MARTIN: Okay. Seeing none, let's get the first panel of witnesses sworn in. Ms. Robidas.

(WHEREUPON, PENELOPE McLEAN CONNER, DOUGLAS HORTON, ERICA MENARD, RICH CHAGNON and KURT DEMMER were duly sworn and cautioned by the Court Reporter.)

PENELOPE McLEAN CONNER, SWORN

DOUGLAS HORTON, SWORN

ERICA MENARD, SWORN

RICH CHAGNON, SWORN

KURT DEMMER, SWORN

CHAIRWOMAN MARTIN: Okay. Thank you.

Mr. Fossum, would you like to begin?

MR. FOSSUM: I will. So the Company witness panel this morning is Mr.

Horton, Ms. Menard and Ms. Conner. As Mr. Horton and Ms. Menard have previously testified in this hearing, I'll just have them identify themselves and move on to Ms. Conner, just to give a flavor.

DIRECT EXAMINATION

BY MR. FOSSUM:

Q. So with that, Mr. Horton, could you just please state your name and position and responsibilities for the record again.

A. (Horton) Yes. Doug Horton, vice-president of distribution rates and regulatory requirements. My group is responsible for all rate and regulatory filings at the Commission.

Q. And Ms. Menard, likewise, could you state your name, position and responsibilities for the record again.

A. (Menard) Good morning. My name is Erica Menard. I'm manager of revenue requirements for Eversource Energy. And in my position I am responsible for rates and regulatory matters and revenue requirement calculations for a variety of rates presented before this

Commission.

Q. Thank you. Now, Ms. Conner, could you also now please state your name, your position and your responsibilities for the record.

A. (Conner) Yes. Penni McLean Conner. I am the senior vice-president of the customer group at Eversource. In that role, I have responsibilities for ensuring that our customers receive high-quality service, and that involves directly providing them service for call center, metering, billing, credit and collections, meter reading; including, also, my team delivers our energy-efficiency programs, supports customers who are installing new services, program managers that work with our new customer connects, and provide support via social care. So those are responsibilities that I have.

Q. Thank you. Ms. Conner, have you previously testified before this Commission?

A. (Conner) I have, yes.

Q. Thank you. Ms. Conner, back on May 28, 2019, did you submit testimony and attachments as part of the Company's initial filing in what

has been marked as Exhibit 11?
A. (Conner) Yes.
Q. And that same testimony, what has been marked is the -- apologies. Is that same testimony -- is the confidential version of that same testimony what has been marked as Exhibit 12?
A. (Conner) Yes.
Q. And for both those exhibits, was that testimony prepared by you or at your direction?
A. (Conner) Yes.
Q. And do you have any corrections to that testimony this morning?
A. (Conner) No.
Q. And do you adopt that testimony as your testimony for this proceeding?
A. (Conner) Yes.
Q. Ms. Conner, did you also, on March 4th, 2020, file testimony and attachments as part of the Company's rebuttal and included in what has been marked as Exhibit 48?
A. (Conner) Yes.
Q. And was that testimony prepared by you or at

your direction?
A. (Conner) Yes.
Q. Do you have any corrections to that testimony?
A. (Conner) No.
Q. And do you adopt that as your testimony for this proceeding?
A. (Conner) Yes.
MR. FOSSUM: Thank you. Now, I know that this panel is intended to look at metering issues. I know that earlier -- I'll note that earlier in the week there was some discussion of the requirements of Sections 3 and 4 relative to metering, and so I won't belabor those, but I do have a couple of brief questions.
BY MR. FOSSUM:
Q. Turning first to Mr. Horton. As a follow-up to some questions earlier in the week, do you recall a question from Commissioner Bailey relating to the service life of the Company's analog -- that is, the pre-AMR meters?
A. (Horton) I do.
Q. There was the question of -- relative to that

question, do you know the general service lives of those meters?

A. (Horton) Yes. I looked into it. My understanding is generally the expected service life of those meters was approximately 30 Years. There was also some discussions around, you know, what was the age of those meters at the time when we replaced them with AMR, and through this process we had presented information. The meters, more than 60 percent of the meters that were in service at that time were over 20 years old. And across the system, the average life was about 26-1/2 years old. So the pre-AMR meters were approaching the end of their useful life at the time the meters were replaced.

Q. Thank you. Likewise, with respect to the depreciation of the meters, do you recall a question about the depreciation term of nine years that was agreed to in the settlement?

A. (Horton) I do.

Q. And there was a question about when that nine-year depreciation life began. Do you have some additional clarity to provide in response to that question?

A. (Horton) I do. So, for this settlement agreement, if we were to apply the whole life method of depreciation, which is also a term within the settlement agreement, the general average life that would -- for the meters from today would have been 11 years of the meters that were left.

The way that a depreciation study is run, it's not, you know, a clear, straight line. There's more that goes into it. And it's based on the dispersion of expected retirement. Some will be retired -- or expected to be retired sooner than that, others later than that. But generally it was an average life of 11 years. So the nine years is really an acceleration of two years from that amount. The nine years, in other words, starts essentially today, not from the date the meters were installed.

Q. Thank you. Now turning to Ms. Conner. It's not directly related to metering, but somewhat related. There were questions --

and I understand you were not on the panel earlier this week. But there were questions earlier this week about elimination of the supplier block provision, as stated in Section 14.2 of the settlement agreement.

Could you please explain that enrollment process and how that block might have worked, just for clarity.

A. (Conner) Absolutely. So when a customer enrolls with a new supplier, we receive an enrollment via EDI, and we process that. If the customer made that in error, it would -- the customer would need to contact their supplier, have that reversed, and it would not be effective until the next read date. So there is a bit of time. We have implemented in Massachusetts and Connecticut the option for customers for a block. This has generally been requested by customers who are tired of suppliers calling them and encouraging them to go on competitive supply. However, as Staff appropriately noted, there is a major difference between Massachusetts and Connecticut and New Hampshire. In

Massachusetts and Connecticut, we're required to provide the suppliers on a regular basis a listing of customer contact information so that suppliers can market to them. This block by customers protects them from this marketing. And so we have had customers request that.

In our hearings, Staff asked that if we were going to pursue a block in New Hampshire, then we would also need to provide a block for customers who are very happy with their competitive supplier and correspondingly didn't want to be accidentally dropped from them. That process would have required programming. So in the end, we felt like it is not a concern here in New Hampshire as it was in Massachusetts and Connecticut about customers receiving robo calls and outreach from marketers that was not to their liking because we don't provide that information. So we simply dropped the provision to offer that block to customers.

Q. Thank you. And lastly, to follow up on items that were raised earlier this week, there was some discussion earlier this week on the customer survey that's mentioned in Section 11.4 of the agreement that were deferred until you could respond to them. And so now that you are here, could you please explain, generally speaking, how the Company does its customer surveys now and how this survey would fit into that.

A. (Conner) I'd be happy to. So we use a variety of tools to capture the voice of the customer. But in regards to our survey tools, we complete both an ongoing voice of the customer survey, a perception survey that asks a series of questions that are in alignment with J.D. Power that cover the six categories that J.D. Power looks at that are important to customers, based on J.D. Power research, which includes reliability, pricing, billing and payment, customer service, citizenship. And so we do that survey on an ongoing basis to understand overall customer perceptions.

We also do transactional surveys, such as if we have a storm event, as we're preparing for as we look at some weather coming in this week, if that does occur, after the storm event we do survey our customers, a sample of our customers, to understand their perceptions on our response to that, our ability to provide them with information.

What we're proposing here is we're really exploring how customers feel about reliability. And so our proposal here would be to take the information we've gleaned from our ongoing perception surveys and our transactional surveys as they are associated with outages and use that to develop a more granular survey that probes into customers' feelings and concerns and feedback on reliability in our maintenance programs. We would propose to do these surveys with our different classes of customers: Our residential, our commercial, our large commercial customers. We would also plan to leverage our online panel, which we have stood up and has representatives from residential and commercial in New Hampshire.

And the benefit of this online panel is we can have the panel be moderated and actually equate it to a focus group. We wouldn't rule out perhaps doing additional focus groups or focus meetings with stakeholder groups. We are open to feedback and input on how the Staff would like to see this process. But that is our thinking about how we would explore gaining an understanding of New Hampshire customers and their feelings about our quality and reliability.

Q. Thank you. And I believe you mentioned near the end of your response, but just for clarity, ultimately the survey that's conducted would be done consistent with input from the Staff and the OCA; is that correct?

A. (Conner) That is correct.

Q. Thank you. Just one last question, and in line with the questions I ask everybody. Is it your opinion and the Company's position that the terms in the settlement agreement that you've spoken about are just and reasonable and in the public interest?

A. (Conner) I do.

Q. Thank you.

MR. FOSSUM: That's what I have for direct this morning.

CHAIRWOMAN MARTIN: All right. Thank you.

Mr. Buckley, do you have direct?

MR. BUCKLEY: Yes, I do. Just a brief direct for both Mr. Chagnon and Mr. Demmer, and I will start with Mr. Demmer.

DIRECT EXAMINATION

BY MR. BUCKLEY:

Q. If you could, just please state your name and position with the Commission.

A. (Demmer) My name is Kurt Demmer. I'm a senior analyst for the Electric Division for the New Hampshire PUC.

Q. Thank you, Mr. Demmer.

And moving to Mr. Chagnon, could you please briefly state your name and position with the Commission.

A. (Chagnon) Yes. Good morning. Richard Chagnon, and I'm the assistant director of the Electric Division here at the New Hampshire Public Utilities Commission.

Q. Thank you, Mr. Chagnon. And now, Mr. Chagnon, are you familiar with Section 4 of the settlement agreement, which describes the advanced metering functionality and feasibility assessment; Section, 3.3 of the settlement, which provides for a specific accounting treatment of the Company's existing stock AMR meters; and Section 3.4 of the settlement, in which the Company, Staff and OCA agree to work collaboratively, potentially with the help of an independent accounting firm to verify the accuracy of the accounting for and number of meter retirements?
A. (Chagnon) Yes, I am.
Q. And do you believe that the settlement's resolution of the issues described in those provisions is in the public interest and will result in just and reasonable rates?
A. (Chagnon) Yes, I do.
Q. And now, Mr. Chagnon, would you like to comment further on those provisions in the settlement agreement?
A. (Chagnon) Yes. Thank you. Staff believes

that the advanced metering feasibility assessment is a good step forward, bringing better information to the perpetual discussion taking place in multiple venues regarding metering and time-of-use capabilities, such as grid mod, electric vehicles, rate cases, et cetera. It does not lock in a future course, but rather helps us understand the options available, including those options which may not have been addressed in the Connecticut analysis, such as examining whether the existing broadband or cellular communication networks can be used for communication with devices other than Company meters which might offer advanced metering functionality.

Staff does appreciate the Company's willingness to continue to review the accounting treatment of the retirements of the meters. As the settlement states, that is an unresolved issue in the minds of the settling parties, and we look forward to resolving that in the months to come. Thank you.

MR. BUCKLEY: That's all from Staff. Thank you.

CHAIRWOMAN MARTIN: All right. Thank you.

Commissioner Bailey.

COMMISSIONER BAILEY: Thank you.

INTERROGATORIES BY COMMISSIONERS:

BY COMMISSIONER BAILEY:

Q. Good morning, everyone.

Mr. Horton, do you know what the average service life of an AMR meter is?

A. (Horton) I believe, subject to check, and Penni may be able to help, I believe it's 20 years is the assumed depreciable life.

Q. Okay. And I didn't really understand what you were saying when you said something about the average life of the AMR meters were 11 years, and we were going to depreciate over the next 9 years the remainder of the meters, the AMR meters. So if we start today and depreciate over nine years, and the first one was installed in 2013, that was seven years ago. So you have seven years of depreciation on the books for these AMR meters?

A. (Horton) Yes. So just to clarify, what I was trying to explain is, on the one hand, if we had just implemented the whole life method of depreciation and not had a separate accommodation or provision in the settlement related to nine years, I was trying to clarify what the difference was. I'm getting some feedback. I don't know if that's --

Q. Oh, let me put myself on mute.

A. (Horton) Okay. That seems better. Thank you.

So I was trying to -- there was confusion earlier in the week, and I probably caused it, around what does the nine-year depreciation provision stand for, how much of an acceleration is that. And what I was just trying to clarify in the direct by Mr. Fossum was that it is a slight acceleration versus sort of the status quo. But it's not significant, really. If we were to just implement the whole life method, there would be roughly 11 years remaining of depreciation expense built into rates. So in your example, a meter that was installed in 2013 will have seven years of depreciation. And if we were just to implement the whole life method, it would assume 11 years of depreciation left, so that in total it would be depreciated over 18 years; whereas, with the execution of the settlement agreement, we are accelerating from that roughly 11 years remaining to 9 years, so that same asset would depreciate over 16 years.

Q. Okay. So does that mean that you can't install AMI meters before they're fully depreciated?

A. (Horton) No. I always look at the decision to install AMI meters is a decision that's made on its own based on an evaluation of the cost and the benefits of that. Oftentimes when companies move to that, though, there's a consideration given to the existing metering that's in place and the remaining costs of that, realizing that customers will be paying for meters that are taken out of service potentially prior to the end of their accounting life, which is not something that's atypical, especially for utilities.

We replace assets all the time without regard to their accounting life. It's a different -- you know, the accounting of the -- the accounting for the cost of an asset is really an accounting and regulatory cost recovery exercise; whereas, decisions we make in the field to replace a pole when it's broken, obviously we're not going to go look and see if that pole's been fully depreciated. We're going to make the investment that's needed to run the system. So the same theory is in place when we look at metering. But oftentimes commissions and companies and consumer advocates do take into consideration the remaining value of the existing meters because it will weigh on the cost benefit analysis. So we as a Company and, you know, as a Commission could decide prior to the end of the accounting life when is the right time to install AMI in New Hampshire. I think this provision is trying to accelerate, again, slightly, the depreciation, such that that decision will be less of a factor for us when making the

decision to move to AMI.
Q. Okay. And so if you decide to move to AMI, say in five years, so you still have four more years of depreciation expense to recover, what happens to that depreciation expense?
A. (Horton) It would be part of the cost benefit analysis that would go in. Recovery of that remaining undepreciated balance would be part of the costs considering, you know, the deployment of AMI.
Q. In your example of a pole that gets broken and replaced before its 40 years of useful life, what happens to the uncollected depreciation expense in that case?
A. (Horton) So the typical accounting for utility assets generally like that is that we would retire the plant that's retired -- excuse me -- that's taken out of service for accounting purposes so that we would lower our gross plant investment and our accumulated reserve for depreciation by the same amount. The way that's treated for utilities is that's sort of all considered in

the context of a rate case, in the context of a depreciation study, where we have accounting lives that have been established through prior rate cases and prior depreciation studies that differ from actual experience.

And so in that example, you know, the depreciation studies says we expect the pole to last whatever it is, 40 years. And then in the study the witnesses will evaluate: What's the actual experience? How much is being retired and for what reason? What are the forces of retirement that are in effect? And then, therefore, looking ahead, what's the right depreciation rate that should be applied? Because the idea is to try as best we can to align recovery with the service life. But that will change over time and for a number of reasons and factors that we don't know today. And so in my mind, it's really just sort of a typical, standard utility accounting exercise that all companies and utilities face, and it's just sort of caught up in the depreciation study. It's not anything unique or different. It's just that, like I said, for meters in particular, it's a consideration that everybody weighs more heavily because it can be a significant cost. And at times the benefits of going to AMI relative to the benefits that exist for AMR, or the electromechanical meters that existed previously, you know, you need to take that into account to ensure that the incremental cost and incremental benefit makes sense for customers.

Q. Okay. Ms. Conner, in your testimony you said that there were three options to replacing the meters, and one of them was AMR to AMI bridge meter system. Why didn't you go with that?

A. (Conner) So we did not go with the bridge metering system because those meters, as we evaluated the cost, were about double the AMR metering, and the benefit seemed di minimus for us to move forward with the bridge meter.

The other piece that occurs when you move to the bridge meter is that that particular meter is an Itron product. And it has a communications protocol built within it that requires you then to move with the communications backhaul that is also Itron-proprietary. We felt that moving ahead with a bridge meter that locks us in to a communications backhaul at that time, plus the cost of the bridge meters, that it was not feasible to go that route.

Q. Okay. Can we talk a little bit about the feasibility study and what exactly we're going to get from that? Can you, somebody, Mr. Horton, Ms. Conner or Ms. Menard, explain to me what you think we're going to learn from that study?

A. (Horton) I can start. I think I agree with how Rich described it in the initial outset, which is to say that, you know, there's a lot of things to consider in a rollout to AMI. And we're really trying to use this study to lay out those considerations as it's specific to New Hampshire. You know, there is -- this is an ongoing dialogue that continues to come up. I think it will help all of us if we have an analysis that's specific to our service territory in New Hampshire, our customers in New Hampshire, the existing state of public policy initiatives which are different in each state.

So I think what we're going to get is a comprehensive evaluation of the path forward to AMI and what considerations and challenges we expect to face here in New Hampshire. But then, also, some discussion and consideration around if there are things that can be done in the interim, or things that can be done differently, leveraging potentially existing communication infrastructure, other means to achieve some advanced metering, those are separate things. Looking at the communication infrastructures that exist, is that possible, and why not? And then I think separately to evaluate what things can be done in the interim, leveraging existing technologies and the metering infrastructure that we do utilize today.

A. (Conner) If I may build upon that. I would expect this evaluation to provide us with some clarity and some business information that allows us to make decisions going forward on the benefits of AMI, both from a customer perspective, but from an operational perspective. As this AMI technology has matured, we're increasingly gaining operational benefits that can be defined, such as Volt/VAR optimization. So I would expect this study to identify those operational benefits, monetize those benefits, identify the qualitative benefits that customers will receive. It will also evaluate, as Mr. Horton noted, the environment from a policy perspective and from an environment perspective in New Hampshire. By "environment," I mean the terrain. The communications backhaul for metering in New Hampshire will be different because of the terrain and the mountains that we must concur with and ensure that we have good coverage to bring data back. Unlike data from the SCADA system, the AMI data is going to be coming back on some interval basis; likely every 15 minutes is fairly common in the industry. So we're going to need a backhaul system that is secure, put that into place. And that may differ because of just the terrain in New Hampshire.

Also from a policy perspective, what we have increasingly started to see is that visibility on the edge of the grid is increasingly important, and it's increasingly important because of the installation of distributed energy resources and behind-the-meter demand assets. This is something that New Hampshire -- and I notice we have Clean Energy -- has started to see an increase in the space as policy promotes more of these clean energy resources being placed on the grid. There's going to be an increasing need for visibility at the edge of the grid, and AMI provides us that visibility to ensure that we can adequately support additional distributed energy resources coming on to the grid.

Q. So it sounds like, rather than a study to determine whether it is feasible to transition to AMI, it's more of a study assuming we're going to transition to AMI, what's the best way to do it?

A. (Conner) I think it's both the best way to do it and the appropriate timing. So it would also consider the movement forward from a policy perspective, the timing around the infrastructure. There may be some natural moments, as Mr. Horton mentioned. There may be just a moment where there's a large population of meters that are, at the moment, end of life, and it might make sense to capture that opportunity. So it will look at those factors of both the feasibility and the timing of that, yes.

A. (Horton) I think I said this earlier in the week. I mean, my belief, I do think at some point in our future we'll be installing AMI in New Hampshire. I don't know when that is. But I also don't want to paint too rosy of a picture. It's still very expensive. And the incremental benefits are, you know, tangible in many respects, and then also subject to a lot of interpretation and assumption in others. So the assessment will help to inform that for New Hampshire, you know, what do we think is a reasonable cost benefit analysis now. And we'll work with the consultant to figure out, you know, how we can establish a road map or what are the key levers of considerations for that into the future. But I just don't want to overlook the fact that it was expensive when we looked at it in 2013. The technology has evolved significantly, but it's still a very expensive proposition for customers. It's something that we just need to be aware of. In Connecticut, when we did the analysis, like I said, it was a positive cost benefit for customers. Very different system. Very different state of affairs there. But it was slightly positive. So we have to see what the numbers say. But I just want to -- you know, I'm pointing out the obvious; it is still very expensive.

Q. Okay. So back to a question I had earlier in the week about Paragraph B. "The assessment shall include an assumption that AMR meters had not been deployed." What is that going to get us in this analysis?

A. (Horton) With that, so there are incremental benefits that are -- if we were sitting here today looking at it with the meters that still had, you know, walk-up meter readers, hand-held devices to read the meters, manual entry, and we were going to AMI today or into the future, there are incremental benefits that are captured from that analysis. That's a scenario that would show incremental benefits to the investment. The cost would be the same to go to AMI today. From AMR to AMI, the costs will be I think at least generally the same. But the benefits that AMI would enable would be different. So the benefit cost ratio is a different outcome in that. And I think there was interest by the parties to understand what that would be; whereas, where we've already installed AMR infrastructure into our -- in New Hampshire, we're capturing, many of the benefits that exist that would go to AMI. We're no longer doing the manual meter reading, at least for the vast majority of our customers. We've realized and recognized those cost savings and efficiencies; they're in the cost of service. Customers are now getting the benefit of that. And so that means that the incremental benefit from our jumping-off point today is less and different than if we were going from electromechanical meters to AMI. In my view, it's a data point. It's an informational -- it's something that the settling parties were interested in having us evaluate, and so that's why that's there.

Q. So basically it's just going to artificially increase the benefits because we already have AMR; is that right?

A. (Horton) I don't see it that way. I think, again, it's a piece of information that the settling parties were interested in knowing. The decision to move forward with AMI won't be based on that. It will be based on the cost and benefits of doing it from where we are today, and that's what all parties are going to have to weigh and consider.

Q. Okay. Thank you.

Mr. Demmer or Mr. Chagnon, do you have anything that you want to add to that?

A. (Chagnon) Only that there were many options that the parties considered to look at. That was just one of them to satisfy all of us.
Q. Okay. I'm just going through some of my other questions that I think have been answered by that discussion. If I could have just a minute, please.
(Pause in proceedings)
Q. Okay. Are the parties asking the Commission to find in this, as a result of this settlement, that the investment in AMR metering was prudent?
A. (Horton) So I'm not a lawyer. I don't know what finding needs to be made. But the settlement does not -- there was no finding within the settlement that the AMR investments are imprudent. There was clearly differences of opinions amongst the parties of that, and we've made a number of concessions by all of us in order to establish a path forward for, you know, going forward processes and things of that nature. So...
Q. Did you say there's nothing in the settlement

that the parties agreed that the AMR meter investment was imprudent or prudent?

A. (Horton) The settlement agreement, we didn't agree it was imprudent. And there was not a provision in the settlement that says -- I mean, just like any of the other investments, there's no -- there was disagreement amongst the parties about the prudence of certain investments during the course of the proceeding. We don't agree with that. We didn't agree with that. And the settlement agreement doesn't have either party agreeing or disagreeing within the settlement agreement to the prudence of those investments. There are concessions made on a number of fronts and things that we could live with that allowed us to reach the comprehensive settlement agreement and consensus of all parties. Frankly, I think if we weren't able to make those concessions, which was very difficult by all parties making those concessions, those would be things that we'd be litigating before you. I think the settlement agreement and the compromise that we've reached, the way the settlement is structured is a, you know, compromise by all parties to resolve the issues that have been presented in the case, including the prudence of investments that we made for AMR and other things.

COMMISSIONER BAILEY: Okay. I'd like to make a request that the lawyers, in their closing arguments, address the prudency issue that the Commission has to make when we add things to rate base.

Madam Chair, I think that's all on this section. Thank you.

CHAIRWOMAN MARTIN: Okay. Thank you. I would have the same request as Commissioner Bailey for counsel at closing, as to whether we need to make -- we, the Commission, need to make a prudency finding; and if so, can we do that without something in the settlement agreement to that effect.

Okay. Let me start with my question for Ms. Conner about the blocking.

BY CHAIRWOMAN MARTIN:

Q. You were explaining customer enrollment and the competitive energy supply. And you said if a customer did that in error, that could be fixed. But I guess I wasn't clear on how the customer would enroll. Can you just walk through that more specifically?

A. (Conner) So in New Hampshire, the way the customer would enroll is that they would respond to broad-based marketing outreach. Again, we do not provide the customer list in New Hampshire. So, typically, suppliers in New Hampshire use more broad-base channels, think radio or perhaps print media, to communicate their offerings. And a customer would respond to the supplier. The supplier would then submit an EDI, electronic data interchange request, per protocols defined by New Hampshire to us, and that allows for an enrollment at the next meter read. If then the customer said, once they got their bill -- so you could imagine it could be a month later they get their bill and they see they're on their new supplier and they realize that, no, I didn't intend to do that. They might call us. They might call their supplier. Either way, we would direct them to their supplier to get removed from that service. The supplier then would send us another EDI to remove them, and that would again take another month or so. As I said, in Massachusetts and Connecticut, because we do and are required to share the customer list data, the suppliers then actually reaches out directly to customers on a more personal level. And some customers have found that to be annoying and have asked -- and at customers' request and complaints about this, we built in this blocking mechanism that a customer could request, call us and request that their data not be shared with suppliers.

So, really, as we start to fully understand the New Hampshire situation, it's not an issue for New Hampshire customers because we are not supplying the data. The request from the Staff was that if we were going to offer this block to customers, then correspondingly we would need to allow them the reverse block; that if I really love my supplier, that I cannot accidentally be tripped up and sign up for another supplier or -- and that would have required programming. So in the end, we all agreed to remove that request.

Q. Okay. Thank you. That was helpful. But is it ever the case that the switch or the EDI request is done in error by the supplier as opposed to the customer?

A. (Conner) It could be, yes. There are many reasons that there could be an error. I suppose the supplier could do some fat fingering and there would be some information that is incorrect when they submit the customer to us. Or perhaps the customer -- in the case of New Hampshire, this does happen -- that they have a couple of accounts. Perhaps they have both residence and they might have a barn that's on a separate account. Perhaps they intended for both of those to be on there. So there are reasons that the customer may say this is isn't exactly what I wanted to sign up for.

Q. Aside from a customer who has multiple accounts, are you aware of that happening in New Hampshire?

A. (Conner) Not off the top of my head, no. There is the process of deceptive switching, where suppliers might be preying on elderly customers who were not aware. We have had some of those situations in other states, where suppliers have preyed on -- suppliers perhaps who have also been fined for preying on customers who perhaps where English isn't their first language or perhaps they're going door-to-door and knocking. We have had that issue in some other states, that customers have signed up and then they realize, no, that's not what I intended to do. And so that is something that we're trying to, certainly as we communicate to customers, always, that if they are dealing with a competitive supplier, that there is an opportunity to save money, but you do need to make sure you're asking all those questions, understanding who that supplier is, making sure they're registered and have good reviews, those type of things.

CHAIRWOMAN MARTIN: And I just see that Commissioner Bailey has dropped off, and so we need to pause. Let's go off the record and try to get her back on. Why don't we take a five-minute recess.

(Brief recess taken.)

CHAIRWOMAN MARTIN: We're going to extend the recess to 11:20.

(Brief recess was taken at 11:06 a.m., and the hearing resumed at 11:25 a.m.)

CHAIRWOMAN MARTIN: All right. Let's give it a try. Back on the record.

BY CHAIRWOMAN MARTIN:

Q. Now, Ms. Conner, I apologize for interrupting you. And I wanted to say thank you for your response. That was very helpful.

All right. I had a question about Bates Page 7, Section 4.1. There is a statement in there about the functionalities provided by AMR infrastructure are limited when compared to those provided by advanced metering, and it goes on from there.

Is this -- does the Company agree with that statement, or is this one of the areas that remains in dispute?

A. (Conner) The functionality around AMR is different than AMI. That is a correct statement. The AMI does offer additional benefits. Happy to continue.

I think it's important to reflect where we were at in 2013. We were looking at metering infrastructure that was very old, electromechanical metering infrastructure that was very old. In fact, 57 percent of the meters in New Hampshire were over 20 years old, and there was a population of 225,000 meters that were over 40 years. So we were facing a metering population that was beyond useful life. What happens as meters age is they start to slow down. Customers don't seem to mind that. But it is a reality of what happens as electromechanical meters get old.

So I was dealing with a metering infrastructure that was very old. I was dealing with a hand-held meter-reading system that was also obsolete that needed to be replaced. I was concerned very much about safety. We had 100 meter readers in the field. I had just dealt with one who had ended up out from work because they fell through a well that was just covered over by leaves in the fall. So keep in mind, we're walking through customers' premises and working through to get their meter reads, and there are sometimes unseen hazards.

So from a safety perspective, both from physically walking and from the amount of driving that our meter readers were doing, there was a concern and safety element that I was working with. And then I was looking at customer satisfaction. So we had customers experiencing a higher level of estimated meters; the reason being, if we have a storm event, let's say snow, we're not able to manually meter read. So there were a higher percentage of customers getting estimates. With AMR, that is obviated. With AMI, that would be obviated.

So back in 2013, we looked at this installed metering infrastructure that was facing obsolescence, was obsolete in many cases with 225,000 electromechanical meters over 40 years. We needed to make a decision about how to handle this obsolescence and address the safety. We looked at AMR. We looked at AMI. We also looked also at the bridge meters, as we discussed with Commissioner Bailey. We decided to move forward with AMR, in that it allowed us to deliver high-quality, accurate meter readings to our customers. It enabled us to provide a safe working environment for our employees, and it did allow us to secure the savings associated from moving from manual meter reading to AMR. And those savings, as Mr. Horton noted, have been baked into our revenue requirements going forward. So customers are now seeing the benefit of those savings, as they should.

We did look at AMI at the time. AMI continues, as that technology evolves, as the metering infrastructure evolves, it becomes a better and better proposition. In fact, in 2013, it was a rare case, unless you had some additional government subsistence -- and some utilities did get grants to convert, and you saw a number of them do that back during that Obama era. But without that, these business cases were typically not cost-effective, and it's because the meters were very expensive. And then you had the communications infrastructure that must be put into place. It has to be separate than your SCADA infrastructure.

This is important because, as you are aware, cyber security, energy is a top, top target for bad actors. And so the security piece here becomes important, and actually, going forward is increasingly more important. We certainly don't want to provide the convenience for a bad actor to infiltrate our system from the convenience of their sofa in their home because we have two-way metering. And so the communications infrastructure has to go in.

AMI starts to make sense for customers when we have -- when we're moving towards a system where we've got time-varying rates, where customers have a load that can be moved to benefit from time-varying rates. The reality is, in New England, unlike where I grew up in the south, we don't have a large investment in essential central AC. So when you start looking at who has the discretionary load to actually benefit from time-varying rates, it becomes a much smaller population. Time-varying rates enforced on customers, we've always advocated at Eversource they be optional. Time-varying rates become something that become really onerous for customers if they were required to move to that. So, but at the time, we were looking at policy, where New Hampshire was at. We had a very low penetration and nothing in the future about more distributed energy resources coming onboard. We had a situation where there wasn't discussion around time-varying rates. At the time, New Hampshire would have been, and still would be, the very first to move forward in our state territory for AMI. Moving to AMI not only means changing out the meters, but it means changing out the communications infrastructure. It requires a meter data management system to store all those reads. We collect seven pieces of data one time a month from every one of our meters. It increases exponentially if I'm collecting 50 pieces of data, which is what AMI does, every 15 minutes. I have to collect that data, I have to validate that data, I have to store that data, I have to present that data to customers. So then the final piece that AMI needs to be really effective is a CIS system that can support that. We don't have any of those pieces.

So when we looked at AMI and we looked at the cost -- and I will be candid. We gave some figures in there around the cost of the communications, the MDM. Those were, as I look at it today, very unrealistic. But the reality was very low. But the reality was magnitude of scale, whether it was 100 million or it was 300 million, as we think it would be today, it is a significant investment that we knew would take time to move through and get agreement on and ensure it was in alignment with the policies. And yet, I was dealing with an infrastructure that needed to be dealt with now. I was dealing with safety concerns that needed to be dealt with. So that is why we made the move to AMR. We have delivered as we committed to those savings, and that has now been imputed into our revenue requirements. Customers are seeing the benefits. And that is why we didn't move to AMI back in 2013.

Today the world is different. AMR -- AMI technology has reduced in price. The sophistication and the ability to install meter data management infrastructure has become more commonplace. So it will be a system that is more likely that there's knowledge and expertise about how to put them in and how to leverage it. And in fact, at the time that we looked at New Hampshire, as Mr. Horton noted, we believe it's a matter of when is the right time, when do we have the policies that drive this need, when is it the right time for consumers. Then we can -- this business case that we're working on will help us define both the benefits, and there are many, and more operational benefits that we're starting to see from AMI as we develop these use cases. As more and more utilities across the country enter into AMI, we're starting to get new use cases that we couldn't have imagined in 2013.

So what New Hampshire will benefit from as we look at this business case now is a lot of new benefits that are coming to surface as you address AMI. So I wanted to have the -- I'm glad I had the opportunity just to set the groundwork of what I was looking at in 2013 and why we made the decision to go to AMR.

Q.   All right. Thank you. So it sounds like, though, there is no dispute. The Company doesn't dispute that statement at this time, that the AMR infrastructure is more limited.

A.   (Conner) No, that's a correct statement. The AMR infrastructure is not a two-way communication infrastructure.

Q.   Okay. Thank you for that.

You mentioned cyber security and

confidentiality concerns. Those are going to be reviewed as part of the feasibility assessment. But at a high level, can you or someone else on the panel describe what the concerns are?

A. (Conner) It's the fact that you've got a two-way communication at the meter, at the service point at everyone's home. So now I'm not just sending a signal to get information. It's actually going two ways. I'm sending a ping to the computer, to the meter, saying I need data, and the meter is sending back information over communications infrastructure. You've provided a gateway at the consumer's home that in theory we obviously would need to ensure could not be penetrated by a customer to allow them to create, let's say a virus or something like that. So cyber security, that communications backhaul, the best practices are it is an isolated backhaul. It has the encryption. It has the security procedures to ensure that we keep that data safe. It is not a shared communications backhaul. It is not a public communications backhaul.

Q. Okay. Thank you.

The settlement agreement doesn't appear to provide a timeline for the assessment, unless I've missed it. Is there a timeline, or is there an expectation to when this will be done?

A. (Horton) I can speak to that. No, I don't believe there's a timeline specific to that. I'll just note that we are trying to leverage to whatever extent we can, realizing it's going to be different from Connecticut. But we do have a consultant that we worked closely with to develop a business case in Connecticut, and I think there's some efficiency there to be gained if we were to utilize that same consultant, which will degrade over time. So at least from the Company's perspective, our interest is to move forward with this once we get approval of the settlement agreement and then begin to work with Staff and the OCA on the scope, the scope and the scenarios, and then just move forward with it as quickly as reasonably possible, in light of all the other work that Staff and the OCA have on their plates.

Q. What was the timeline in Connecticut? How long did it take for the --

A. (Horton) I don't know specifically. I think it was around six to eight months. We filed that in July. I know we were working on it at the beginning of the year, but I do think there was work already underway at that point. So, you know, it was a fairly sizeable effort.

A. (Conner) That is correct, Doug. It was around nine months we started before this filing.

Q. Nine months, including the development of the scope and all, or just for the assessment?

A. (Conner) That was for the assessment and then developing all the testimony and the work around that. So there was -- I do think that there will be some efficiencies, as Mr. Horton mentioned, in that the Company wanted to make sure that so many of these assumptions were vetted. So now we have done that vetting of assumptions. Let's say, for example, there were some assumptions in there around the displacement of phone calls associated with high bills because we would have AMI and the visibility of the meter reads along the way, the visibility of how my bill was going along the way. We've already vetted that assumption. And so we would just be double-checking versus going through the whole piece of starting with trying to get the data. So, again, as Mr. Horton said, there is some benefit in this recent analysis. We've completed the vetting. What the Company has done I think would fast-forward the work associated with this effort.

Q. So it sounds like it's reasonable to expect that this will be done in under nine months.

A. (Conner) I would expect --

A. (Horton) I expect it to be, yeah.

A. (Conner) Yeah.

Q. Okay. And then after it is complete, what's the plan to implement the results?

A. (Horton) I think that depends on what -- well, the result, I think, is going to be information. And so I think it's going to depend on what the result tells us, and then we can start to figure out what would be implemented. In other words, you know, I'm not anticipating the result of this is necessarily a plan that would be presented to replace AMI, you know, beginning in '22, right, to install AMI. That's not what this is intended to produce. Because, again, I think the reality is it's an expensive proposition, and we're all concerned about bill impacts to customers.

I think what it's going to do is provide a lot more information about what the functionality is that exists, what the functionality could be with AMI, and what are the -- what's a reasonable path forward, as well as what are other limitations or considerations or opportunities in New Hampshire that would be specific and unique to New Hampshire. We've talked about the geography. We've also talked about the different level of adoption of DG and other public policies. There's also considerations that were discussed as part of the proceeding around the opt-in nature of additional functionality that some AMI metering infrastructure does offer; whereas in New Hampshire, it's an opt-in consideration to enable the communication with in-home devices to the meter. And even how does that work when we go to select an AMI infrastructure, in light of the legislation that exists. These are all things that were discussed that I think we need to consider in this assessment.

So to your specific question, I think we don't know what the next step's going to be. I think the output from it is information that we are all interested in having, and I think would be helpful to the Commission as well as we continue to move through these issues in a number of different dockets.

Q. Okay. Thank you.

Mr. Chagnon, what's Staff's expectation?

A. (Chagnon) Staff's expectation is the same as Mr. Horton, what he just said. It's information that we can just know going forward, but it doesn't necessarily mean it creates an action or a change right away.

Q. Okay. Thank you.

I have one more question on Bates Page 7. There's a provision for after the retirement review, the accounting review. There's supposed to be collaboration, and there's a potential to hire a consultant to do an independent review. And then in the last sentence, and Commissioner Bailey raised this, it says that nothing precludes Staff or the OCA from petitioning the Commission after all of that has happened from reviewing the accounting.

I guess this would go to Staff. What scenario would that occur in? We've already had collaboration. We've had the independent accounting. Where do you see that happening?

A. (Chagnon) That was put in just so that we would have a backup, you know, that Staff or OCA or any party wouldn't be locked in to what the result is. If we indeed thought otherwise, then we would bring it forward. So it's just so that it didn't close the door on anything that we thought we needed to bring to the Commission.

Q. Okay. Thank you for that.

CHAIRWOMAN MARTIN: I don't have any other questions.

Commissioner Bailey, do you have any follow-up questions?

COMMISSIONER BAILEY: I do have one follow-up question. I think I touched on this the last time, in that same area that you just mentioned.

BY COMMISSIONER BAILEY:

Q. So if the accounting review exposes a deficiency in the way the meters were accounted or, you know, all the retirements were or were not in, and it would have affected rates, is it too late to do anything about it?

A. (Horton) Want me to try to address that?

A. (Chagnon) Please do.

A. (Horton) So obviously coming out of this case, the Commission will issue a decision approving the rates that are in effect. That's clear. I think what this provision acknowledges is that all parties are comfortable and confident that that's the right thing to do. I think everybody has testified the settlement is producing just and reasonable rates. So that's period, you know, end of statement. But we have this issue that's lingering, that we want to make sure that Staff and the OCA are comfortable?

And there's the potential that the accounting issues, when we get through this exercise, could result in an adjustment to the accounting, which then could result in a change to the rates. I testified, and I believe that if that were to happen, it would be small and that we'd be able to resolve what the right resolution of that is. And I think that's why we had that last statement in there. However small it is -- and it may not be, I suppose -- Staff wants to have the ability, or other parties, to petition the Commission to do something. I'm confident that we'll be able to -- first I'm confident that we'll be able to resolve the open questions in Staff's and the OCA's mind through this process and that we'll -- and I'm confident that there will be no other changes coming. But in the event there are, I think we would work together to try to figure out what the solution is. Maybe it's a change that's reflected in the step adjustment. Maybe it's a change that's reflected in the RRA. I think we have to wait to see to get through the first step of the process. And I think, really, to some of the questions you've been asking on other topics, if we didn't have that in there, it would have been sort of like, so what. What are we going to do we if we get through this and there is an issue and Staff didn't -- and we didn't have this provision to allow parties to try to do something with it? One way of saying so I'm not anticipating there to be a problem to come out of this. I believe the rates that we're approving are just and reasonable -- you're approving are just and reasonable. But we do have this process we need to follow through, and there could be a potential to have some other

adjustment. And we'd work through that at that time.
Q. Thank you. That was very helpful.
COMMISSIONER BAILEY: That's all I have, Madam Chair.
CHAIRWOMAN MARTIN: Okay.
Mr. Fossum, do you have any redirect?
MR. FOSSUM: I believe I just have one.

REDIRECT EXAMINATION

BY MR. FOSSUM:
Q. Mr. Horton, you were asked a couple questions about the prudence of the AMR investment. Do you recall those questions?
A. (Horton) Yes, I do.
Q. Do you have, having had a few minutes to think about it, do you have some additional clarity to provide in response to Commissioner Bailey's question on the prudence of that investment?
A. (Horton) Yes. Just to be more firm and clear, and also recalling Mr. Chagnon's testimony from earlier in the week, I know he

was asked a question, and so I want to just echo and be more clear. The settlement agreement that we've reached here resolves all of the issues of imprudence for investments that have been made up through and including the test year. And so that's really the clear and succinct way of answering the questions that I was asked on that issue. So that would include the AMR investments, as well as other investments that were questioned over the course of the proceeding.

Q. Thank you. I believe...

MR. FOSSUM: I believe that's all I have.

CHAIRWOMAN MARTIN: Okay. Mr. Buckley, any redirect?

MR. BUCKLEY: Madam Chair, Staff has no redirect for this panel.

CHAIRWOMAN MARTIN: Okay. Then we can move on to the next panel, which has some of the same members, but it looks like we are adding Mr. Colton and Ms. Noonan.

And Ms. Robidas, once they have

joined us, if you can swear them in.

(WHEREUPON, ROGER COLTON AND AMANDA NOONAN were duly sworn and cautioned by the Court Reporter.)

ROGER COLTON, SWORN

AMANDA NOONAN, SWORN

CHAIRWOMAN MARTIN: Thank you.

Mr. Fossum, would you like to begin?

MR. FOSSUM: Thank you. I'll note Mr. Horton and Ms. Conner have been previously qualified, and their testimony has been addressed, so I won't be addressing that now.

So this panel, we are directing ourselves to a couple of items that we didn't really spend much time on in the overview, speaking to what's in Sections 12 and 13 of the settlement regarding the fee-free credit proposal and the New Start program.

DIRECT EXAMINATION

BY MR. FOSSUM:

Q. Ms. Conner, Mr. Horton, are you both familiar with those provisions?

A. (Conner) Yes.
A. (Horton) Yes.
Q. Taking them in the order that they appear in the agreement then, Section 12 is discussing this fee-free credit and debit card program.
Ms. Conner, could you, beyond what's specified in the agreement, could you provide a little detail about what that program will look like.
A. (Conner) What we're offering for customers here is on a one-time payment, as they may decide to make a payment, they would have the option to -- today they have the option to pay with a credit card or debit card, but there is a convenience fee associated with that payment. We would, in this settlement, eliminate that fee for making that one-time payment either by credit or debit card. And we know that this, based on customer feedback, is a top dissatisfier for customers, the fact that there is a convenience fee. Obviously, as we look at the world today, moving towards cashless, particularly now in the pandemic, has become

even more common. So this offering, I think, will be of great value. And we're very pleased to work with Staff to develop a settlement on it.

Q. And just to be clear, the version of that program that's being implemented now, is that to be in an end-state for that program, or could it be that there might be additional changes in the future?

A. (Conner) I would envision that we'll continue to monitor and evaluate this program. I know that Ms. Noonan has identified a series of metrics that we will look at to understand the benefits of this program going forward, and I think that is very prudent. I also know that Staff is very interested in us offering this program for recurring payments. So in the case of New Hampshire, if a customer is on recurring payments, which is 92,000 customers, offering them the capability of establishing a credit card or debit card for that recurring payment is of interest to the Staff. That is not included in this settlement, but certainly something that as we moved forward and get an understanding of the adoption rate and the cost we can further discuss if it's the right time and right approach for New Hampshire customers.

Q. Thank you. And turning now to the following section, Section 13. Could you, beyond what's specified in the agreement, could you discuss the program that's being implemented through this section.

A. (Conner) I'm sorry. The arrearage forgiveness program?

Q. Yes. Section 13, New Start arrears management program.

A. (Conner) New Start arrears management. I'm very excited about this. I believe that having this capability to allow our customers an arrears management program, that if they qualify and are coded hardship, that they can move on -- and it's proven as a best practice -- that it allows a customer to, over the course of the year, demonstrate that they can pay their monthly, average monthly energy bill going forward. It creates -- you know, we'll partner with agencies, such as The Way Home, to get outreach and education for our customers to support them in this. But at the completion of that year-long payment, their arrears that they would have had gets completely forgiven. And we always look forward to those customers continuing to move forward and hopefully not needing that type of program in the future. However, we also know that sometimes more bad things happen, as we've seen with this pandemic. So that program that we're proposing here would allow customers, if they qualify, to enter into an arrears forgiveness arrangement that, as they paid their current bills, they could have their one-twelfth each month of their arrears forgiven. If they miss a payment, they are allowed to make that up and continue on with the program. And then we still have some details to work out and look forward to a collaborative that has been recommended, that we will stand up very quickly at the beginning of the year to work out the finer details with this.

Q. On that last point, could you explain a little more your expectations for that group that you said will be "stood up quickly," how that group -- how you envision that functioning?

A. (Conner) Well, I envision it being a collaborative process where we start a stakeholder group that would develop the final recommendations of the program. It would address some of the nits. These are small details, and we just ran out of running room during the agreement process to do all of those minute details. But we would work with the group to finalize those details and make it make sense for New Hampshire.

I have found, you know, this is -- we operate and offer these programs in Massachusetts and Connecticut. And actually, only 13 states, now 14 with New Hampshire, have arrears forgiveness. But more are very interested in this, doing this. But each one of them makes the business rules that make sense for them. And that's what we'll work with New Hampshire on is what makes the most sense for business rules for New Hampshire customers. I know that Staff and the various advocate groups have that intimate knowledge of their customers, and we'll look forward to being in a collaborative and looking at those and doing the fine details on it.

Q. And do you also envision this group to provide sort of continuing input and information on the program?

A. (Conner) Well, as part of this, we plan to have a regular filing of a series of metrics, which I think also is a very good idea to understand the participation rates, what the success rates are, how it impacts or reduces our truck rolls associated with credit. So there's some good benefits I think will be teased out here, a good understanding of customer behavior associated with this. And I believe we'll gain learnings about how we communicate and educate on this, perhaps how we combine it with our energy-efficiency programs, so that we can reduce the share of wallet that our hardship customers have associated with energy. So I do envision that ongoing we'll take learnings from the program and use it to enhance the program going forward.

Q. Very good. Thank you.

MR. FOSSUM: That is what I have for direct on these topics.

CHAIRWOMAN MARTIN: All right. Thank you.

Mr. Burke.

MR. BURKE: Thank you, Madam Chair.

DIRECT EXAMINATION

BY MR. BURKE:

Q. Mr. Colton, could you please state your name, your position and your role in this case.

A. (Colton) My name is Roger Colton. I am a principal in the firm of Fisher, Sheehan & Colton, Public Finance and General Economics. I have been retained to provide expert testimony for The Way Home, an intervenor in this proceeding.

Q. Thank you. And could you tell us, have you previously testified before this Commission?

A. (Colton) I have previously testified before the New Hampshire Commission, and I've worked on behalf of the Commission. My testimony has related primarily to low-income issues, both customer service issues, rate affordability issues or bill affordability issues, and energy efficiency or usage-reduction issues.

Q. Thank you. And did you prepare written direct testimony with the attachments that were filed on behalf of The Way Home in connection with this proceeding that were dated December 20th, 2019?

A. (Colton) I did.

Q. And has that direct testimony been marked for identification purposes as Exhibit 24 for this hearing?

A. (Colton) It has.

Q. And do you have a copy of Exhibit 24 in front of you now as we speak?

A. (Colton) I do.

Q. And was this testimony prepared by you or at your direction?

A. (Colton) It was.

Q. And Mr. Colton, does this direct testimony, premarked as Exhibit 24, accurately reflect your opinion at the time you prepared it, based on facts known to you at that time?

A. (Colton) It was. It did.

Q. And do you have any corrections to note or to make today to your direct testimony?

A. (Colton) I do not.

Q. So if I asked you all of the questions that you were asked in Exhibit 24 as to the original Company proposal, would your answers be the same today?

A. (Colton) They would be.

Q. And do you adopt Exhibit 24 as your sworn testimony today?

A. (Colton) I do.

Q. Broadly speaking, and without going into specifics, what subject matters did you review and cover in your direct testimony with regard to the Company's proposal, as it was filed on May 28, 2019?

A. (Colton) Broadly speaking, my testimony addressed primarily the arrearage management program that the Company proposed. I addressed the need for the arrearage management program. I addressed certain structural aspects of how an arrearage management program should be designed and developed. I addressed certain issues involving the actual implementation of the arrearage management program, and I raised some cost recovery issues. Outside of arrearage management, I further addressed certain customer service issues which weren't addressed in the settlement. So I'll just leave it that I did raise some customer service issues.

Q. Thank you. And Mr. Colton, did you also prepare written rebuttal testimony that was filed on behalf of The Way Home, dated March 3rd, 2020, which has been marked for identification as Exhibit 42 for this hearing?

A. (Colton) Yes.

Q. And do you have a copy of Exhibit 42 in front of you now as we speak?

A. (Colton) I do.

Q. And was this rebuttal testimony prepared by you or at your direction?

A. (Colton) It was, yes.

Q. And similar to the questions about --
(connectivity issue)
(Court Reporter interrupts.)
Q. -- the questions that I asked about the direct testimony, is this Exhibit 42, does it accurately reflect your opinion at the time you prepared it, based on facts known to you at this time -- at that time? Excuse me.
A. (Colton) Yes.
Q. And do you have any corrections to make to your rebuttal testimony today?
A. (Colton) I do not.
Q. So if I asked you all of the questions that you were asked in Exhibit 42, would your answers be the same today?
A. (Colton) They would be.
Q. And do you adopt Exhibit 42 as your sworn testimony today?
A. (Colton) I do.
Q. Thank you. And broadly speaking, without going into specifics, what subject matter did you address in your rebuttal testimony?
A. (Colton) In my rebuttal testimony, I again addressed the proposed arrearage management

program. There were not specific disagreements in my rebuttal testimony. My rebuttal testimony was devoted to the reporting requirements that I would recommend in order to track the operation and impacts of the proposed arrearage management program.

Q. Thank you. I would like now to draw your attention to -- (connectivity issue)

(Court Reporter interrupts.)

A. -- the document that has been marked for identification as Exhibit 58 in the settlement agreement and the attachments which are the primary subject of these hearings.

Mr. Colton, are you familiar with Exhibit 58 and the terms of the settlement, specifically as they relate to the New Start program, which is covered at Bates Pages 27 through 29, and in Appendix 7, at Bates 64 to 67?

A. (Colton) I am, yes.

Q. And do you have a copy of Exhibit 58 in front of you?

A. (Colton) I do. I have a copy of Section 13

and Appendix 7 in front of me.
Q. And did you -- oops, excuse me.
And did you participate in the discussions and negotiations that led to the settlement agreement marked as Exhibit 58?
A. (Colton) I did.
Q. And would you be in a position to answer questions about the New Start program as it's described in Exhibit 58?
A. (Colton) Yes.
Q. Thank you. Just a few more questions.
Mr. Colton, do you support the approval of the New Start program as described in Exhibit 58?
A. (Colton) I do. I believe that the -- yes. The answer to your question is yes.
Q. And as I think you were about to do, could you please briefly describe why you support the approval of New Start as it's described in Exhibit 58 and why you believe the program is important specifically for low-income customers.
A. (Colton) Sure. As we started out in one of the early questions you asked me, you asked

if I had appeared before the New Hampshire Commission before. And I indicated that I had not only appeared as a witness before the New Hampshire Commission, but I've worked with this Staff, and indeed in a collaborative involving the Staff, the Community Action Agencies, the utilities, and The Way Home.

We've put -- we, in New Hampshire, the stakeholders in New Hampshire, have put a lot of effort into promoting bill affordability for income-eligible customers in New Hampshire. What we've learned in the last few years, however, is that, even if you adequately address the affordability of bills for current service on a going-forward basis, bills could remain unaffordable because of pre-existing arrears. People don't make separate payments toward their bills for current service and for their bills for pre-existing arrears. People make payments toward their total bills. And so a Company such as Eversource needs to address not only the bill for current service, but needs to address the arrearages as well.

In my experience in New Hampshire, I believe that by addressing the bills for current service, as has been done through the years, in combination with an arrearage management program, bills will be made affordable both from the perspective of the customer who might otherwise have an inability to pay, and from the perspective of the utility, in the sense of inability to collect. So it will provide -- "it," being an arrearage management program, will provide benefits to the customer base, to the low-income customer base, to the non-low-income customer base, and to the utility itself. It is a good idea. It should be pursued. It should be approved.

Q. Thank you. And I would like to now draw your attention to Appendix 7 of Exhibit 58, at Pages 64 to 67. This appendix describes the metrics that the Company will report with respect to the New Start program that Ms. Conner mentioned a moment ago. Do you support the reporting of those metrics as they're described in Exhibit 58?

A. (Colton) I support both the metrics that have been proposed, and I support the timing of the reporting which was addressed in the settlement.

Q. And could you briefly explain, in your opinion, why the data collection and reporting is important and why you support this provision of Exhibit 58?

A. (Colton) Sure. I believe that what's being proposed in New Hampshire is the right way to approach a proposal such as this. What we're trying to do through -- or what Eversource -- I say "we" -- but what Eversource is trying to do through a proposal such as the recommended AMP is not simply to provide dollars to low-income customers because they're low income, we're trying to accomplish a specific outcome. We believe that there are customers who have arrearages, who, unless we address those arrearages, will face an inability to retain service. And so the metrics that are being proposed allow the Company, allow the Commission, allow the OCA, and allow stakeholders such as The Way Home, to be able to measure and follow or track the outcomes, not merely the expenditures on the program, but what the program is actually accomplishing. And I believe that having that outcome-based approach to an ongoing review of the AMP is an appropriate way to design and implement a program such as this.

Q. Thank you. Now drawing your attention to Paragraphs 13.5 and 13.6 on Bates Pages 28 through 29 of the settlement agreement. These paragraphs discuss the creation of a stakeholder group to develop a comprehensive program design and to assistant in the long-term monitoring and evaluation of the program. Is that correct? Is that your understanding of these paragraphs?

A. It is. That is my understanding.

Q. And do you support the creation of a stakeholder group?

A. Absolutely.

Q. And in your opinion, why is it important to create a stakeholder group that is charged with the development and monitoring of the program?

A. (Colton) I agree with the testimony that was previously given just a few minutes ago by the Company's witness, in that there are details in the implementation of a program such as this which simply can't be or cannot be worked out in a litigated case. The details of the operation and the actual implementation require frequently a discussion amongst stakeholders about what should be done. But it also requires the monitoring of how the program is being implemented and how the intended beneficiaries are reacting to the program. And there needs to be a group that can respond to the data that we just talked about a minute ago that's being developed and reported, and factoring that data into how the program itself will be implemented. And that absolutely needs to be done at the first level through a collaborative process such as the work group.

Q. Thank you, Mr. Colton. And finally, do you believe that the creation of the New Start program as described in Exhibit 58 is in the public interest and will aid in establishing just and reasonable rates?

A. (Colton) I do.

Q. Thank you.

MR. BURKE: Madam Chair, no further questions from me at this time.

CHAIRWOMAN MARTIN: All right. Thank you.

Ms. Amidon.

MS. AMIDON: Thank you.

DIRECT EXAMINATION

BY MS. AMIDON:

Q. And good afternoon, Ms. Noonan. We heard Ms. Conner mention you in her testimony here today. I would like to take care of the preliminary matters first.

By whom are you employed, and what is your position?

A. (Noonan) Good morning. I'm employed by the New Hampshire Public Utilities Commission as the director of Consumer Affairs -- Consumer Services and External Affairs.

Q. Have you previously testified before the

Commission?
A. (Noonan) Yes, I have.
Q. And did you participate in the investigation of this petition?
A. (Noonan) Yes, I did.
Q. Could you please summarize the aspects of the petition that you examined.
A. (Noonan) Certainly. My focus was on three areas. The first was the proposal known as the fee-free program, which is applicable to residential customers, and would eliminate the fee incurred when paying a utility bill via credit card. The second was the introduction of an arrears management program called New Start for those residential customers who would be considered financial hardship, as defined in the Commission's rules. And the third area was a review of the proposed tariff language changes.
Q. Thank you. And did you file testimony before the -- with the Commission in December, which is identified as Exhibit 31 in this docket?
A. (Noonan) Yes, I did.
Q. Do you have any corrections to that

testimony?
A. (Noonan) No, I have no correction.
Q. And would you attest that your testimony accurately represents your opinions based on the facts that you had available at the time you prepared it?
A. (Noonan) Yes, I would.
Q. Thank you. Please address each item that you addressed in your testimony. And I guess we should start with the fee-free program, if you would, please.
(Court Reporter interrupts.)
A. (Noonan) Certainly. Well, as I just mentioned a moment ago, the fee-free program would allow residential customers who pay their utility bill via a credit card to do so without incurring a fee. How customers make payments continues to evolve -- has evolved and continues to evolve. And credit card payments are simply another payment channel. No other payment channel currently -- writing a check, an automatic debit, an electronic payment via the bank's online billing system -- have fees associated with the

payment. So I would support the implementation of the fee-free program in New Hampshire so as to not penalize those customers who opt to pay their bill via credit card. I view it simply as another payment channel. As we continue to evolve with technology, I'm sure there'll be more in the future. But here's where we are today.

As the Company expressed its concerns about the cost of implementing the program, the settlement agreement would implement the program only for non-recurring payments first. Ms. Conner alluded to this earlier. We'll be collecting some data. The Company will be monitoring and reporting on participation levels and costs to help Staff and Commission and other interested parties later evaluate whether expansion of the program would be appropriate.

CHAIRWOMAN MARTIN: Ms. Amidon, you're on mute still.

MS. AMIDON: Technology baffles me. Thank you.

BY MS. AMIDON:

Q. Next I'd like you to describe the New Start program. And if you could address the issue of eligibility, because Mr. Colton said something that I wasn't sure the Commission understands when he said "low income and others who may not be low income." And I'm paraphrasing at this point, so I'm not trying to attribute any specific characterization to him. But if you could also spend some time talking about eligibility for the program and how you see the program working here.

A. (Noonan) Sure. The New Start program, as has already been mentioned, is an arrears management program. Ms. Conner explained briefly how it worked earlier. But simply put: For every on-time monthly payment an enrolled customer makes, a portion of the customer's past-due balance is forgiven. Eligible customers include any customer that falls under the "financial hardship" definition in the Commission's rules. The rule number is 1202.09. And briefly, it's any customer or member of the customer's household who receives benefits from an income-eligible program. So it could be the fuel assistance program, the electric assistance program, the gas assistance program, Neighbor Helping Neighbor or any successor program to that. Any state, federal or local welfare assistance type of program that provides assistance to the customers based on a financial determination of eligibility.

The goals of the program are to help those customers who are eligible under that rule definition to develop consistent payment, bill payment habits while protecting their account from service disconnection, and to provide those customers with a fresh start. Other benefits of the program, and you heard Mr. Colton talk about the outcomes of the program, but these are other less tangible benefits, are improved -- enhanced -- improvements or enhancements to communications between the utilities, their customers and social service agencies, as well as potential improvements in the customer's safety, health and nutrition. The program should also reduce -- that will be one of the metrics measured -- the utilities cost per collections, field visits, disconnections, reconnections, potential impacts on lead-lag carrying costs and uncollectible accounts.

I support the implementation of New Start in New Hampshire. Eversource has considerable experience with the program in both Connecticut and Massachusetts. That forms the basis for the program outlined in Appendix 7 of the settlement. And I recommend adoption in New Hampshire.

To ensure this program meets New Hampshire-specific needs, though, because we all recognize every state is a little bit different. The settlement calls for the creation of the stakeholder group that's been discussed. That group will work with Eversource to develop a comprehensive program designed to kind of fill in the details, so to speak, that are missing from that high-level overview in Appendix 7, and to assist in the long-term monitoring and evaluation of the program to ensure that it meets the needs of New Hampshire's customers.

Q. Thank you. And thank you also for clarifying that, the eligibility requirement for the program. That was helpful.

Finally, you addressed your concerns about a competitive supplier provision in the tariff concerning blocking. I thought your testimony was very clear in this regard, and I wondered if you would summarize your view of this matter and how the Company addressed it.

A. (Noonan) Certainly. I think, as Ms. Conner explained earlier this morning, in Connecticut and Massachusetts, the utilities are required to provide the suppliers with a list of customers for marketing purposes. And in those states, customers have the ability to say I don't want to be on that list that you provide periodically to the suppliers. Because New Hampshire has no such requirement, as we started to discuss how this worked and what was driving it and how it would be implemented, it became clear that the purpose for this in other states didn't match the regulatory paradox in New Hampshire. And so there is no release of a customer list to competitive suppliers in New Hampshire, and so there would be no need to have this similar requirement for removal from what's basically a marketing list for the supplier. We did discuss that if there was an enrollment block, it should be for all customers, not just default service customers. Because if you're happy with where you are, you shouldn't be able to have -- or your service should be protected from being changed without your authorization. After some conversation about the feasibility and the ease of doing that, there was general agreement to defer that issue and to drop this provision from the tariff.

There are also concerns about the potential as proposed of the impact this might have on the competitive energy supply market, and particularly as we move towards community power aggregation, how that would interact with an enrollment block where community power aggregation is now opt-out versus opt-in. So...

CHAIRWOMAN MARTIN: Ms. Amidon, you're on mute.

BY MS. AMIDON:

Q. Ms. Noonan, you have reviewed the provisions of the settlement agreement as it pertains to the fee-free, the New Start, and this tariff provision regarding competitive suppliers; have you not?

A. (Noonan) Yes, I have.

Q. And do you believe that the settlement agreement terms meet the public interest and results in just and reasonable rates?

A. (Noonan) Yes, I do.

Q. Thank you. Do you have any additional comments you would like to make?

A. (Noonan) No I, have nothing else to add at this time.

Q. Okay.

MS. AMIDON: Thank you very much.

CHAIRWOMAN MARTIN: All right. Thank you.

Commissioner Bailey.

COMMISSIONER BAILEY: Thank you.

INTERROGATORIES BY COMMISSIONERS:

BY COMMISSIONER BAILEY:

Q. Ms. Conner, why did you have a fee for customers who opted to pay by credit card in the past?

A. (Conner) We applied a fee because of the cost associated with credit card payments. So if we think about the various payment channels that Ms. Noonan identified, we have customers who have an auto pay which links to their bank, probably our lowest cost method. We're talking between 2 and 3 cents maybe to process that type of payment. We have customers who mail in a check. And that has gotten super efficient over the years and is now down to about 10 cents a payment. We have customers that perhaps walk in to one of our walk-in locations. That price is about 50 cents. But when it comes to fee free on credit cards and debit cards, we have to work with the service provider, who works back through with the credit card companies to establish a rate. And that rate is typically in the 1 to 1-1/2, even up to 2 percent cost. So if it is a $100 bill, then if it were a 1 percent fee we were paying for that, it would be a $1 fee. So you can see that the cost for a credit card or debit card payment is higher than our other channels, particularly when you think about less than 2 to 3 cents for an electronic payment, or 10 cents for a check payment. But we also recognize that this is an increasingly popular channel. We recognize that as we looked at the customers in New Hampshire, that we have customers such as the ones we were just talking about, hardship customers, who perhaps in an effort to avoid disconnect are using a credit card to pay that and paying the fee. We felt that offering this one-time fee-free payment allowed us to meet the needs of customers who want to avoid that convenience fee and open up this channel.

Q. And when you say "a one-time opportunity," or whatever you just said, you mean that they pay each month and they have to start over again each month. That's what "one time" means, not that they only have one opportunity to pay by credit card; right?

A. (Conner) That is correct, Commissioner Bailey. What would happen is -- and customers like, for example, use the mobile app that we've offered. This is becoming increasingly popular. So they receive their bill alert. They can pay their bill, and at that moment they can choose to pay that bill with a credit card or a debit card. But the information would not be retained. So they would have to re-enter that every time versus a customer -- as I mentioned, we have 92,000 customers on auto pay. They have stored their payment information on our system so that we can draft from that checking account.

Q. Okay. So the $375,000 in program-related costs, is that to cover the costs from the credit card company charges?

A. (Conner) That is correct. Based on the adoption rate that we envision, we did adjust that from our original filed adoption rate because of our experience in offering this in

Connecticut. Connecticut is the first state in our jurisdiction where we have secured fee-free credit cards, and we have experienced a lower adoption rate than we had previously filed originally. So in the settlement, we adjusted that adoption rate.

We also, though, had an increase in the fee. The vendor cost moved from $1.40 in our original filing to $1.48 per payment. That is because what our vendor has identified is they charge us per payment based on their analysis of the average dollar amounts customers are paying with a credit card. And the realization is the balances are higher that they're paying with a credit card than was assumed, and so that adjustment was incorporated in.

But, yeah, even with that, our refiled settlement shows a decrease from our original filing of 745,000.

Q. Okay. In Paragraph 12.3, at the bottom of Bates Page 26 of Exhibit 58, it says, "If the actual costs resulting from customers' adoption of the fee-free option exceeds the

$375,000 allowed in rates in the first year, the Company shall increase the amount in rates to an amount reflecting the estimated cost, but not more than $520,500, effective February 1st, 2022."

Can you tell me how that will be implemented? I mean, just assume hypothetically that you need to increase it to $520,000. Is there a rate that will be adjusted to accommodate that increased expense, or will that go in your RRA? How does that get recovered?

A. (Horton) I can speak to that. That would be -- my personal belief is that would be an adjustment to the base rate as of February 1st. And what that was originally, as Ms. Conner said, we had an estimate in the costs, recovering an amount in our base rates that would then be reconciled based on actual experience. Through the course of the settlement, we adjusted that for a number of reasons, as Ms. Conner said. But we were also acknowledging that that first year is lower. The adoption rate is lower. The costs are lower as a way to help mitigate the initial bill increase. The settling parties, we agreed to incorporate our estimate of the first year with the first implementation of rates in this proceeding, and then depending on actual adoption rates, we have the ability to increase that.

Stepping back just briefly, what we had originally put in was an average annual charge. And so over that period of time it stepped up to a higher amount, and we incorporated the average. So what we would do is we're putting in the first year estimate of 375,000. That's part of base rates in this proceeding. Again, based on our actual experience in customer adoption level, if we determine that the costs are higher than that 375, we would make a filing with the Commission and adjust base rates to get back to what the experience tells us is the appropriate amount to put in rates, but capped at that 520,000. And that would go into effect on February 1, 2022.

MS. AMIDON: And Commissioner

Bailey, this is Attorney Amidon. Mr. Chagnon is also prepared to answer any questions regarding rate recovery. I should have mentioned that he's part of this panel for that purpose. Thank you.

COMMISSIONER BAILEY: Okay. Thank you.

Q. Well, Mr. Chagnon, I'll ask you the next question then. So is that a one-time opportunity for the Company until they file the next rate case?

A. (Chagnon) Yes, it is. It's all reconciled in the next rate case.

Q. So if the cost is $600,000, on February 1st they'd be allowed to increase their revenue by up to $520,500 on February 1st, 2022. But they wouldn't be able to increase it if the cost went up the next year until they filed their next rate case; is that right?

A. (Chagnon) That is correct.

Q. Okay. Moving on to the New Start arrearage management program, the idea that for every monthly payment an enrolled customer makes, a portion of the past-due balance gets forgiven. Does the required monthly payment include a portion of past-due amounts, or is it just current charges?

A. (Conner) The way we calculate the amount for the monthly payment is we look forward on the 12 months forward and assume an average amount, forecast out their billings for the next 12 months, essentially, looking at probably historical, obviously. And that is -- we identify a monthly bill that they should be able to pay. If they pay that, in theory they're paying their current bills, and then that arrearage then gets forgiven over the next 12 months.

Q. So they're not contributing anything to the arrearage?

A. (Conner) That is correct.

Q. Okay. At the bottom of Bates Page 27, Paragraph 13.3, it says the Company shall be permitted to recover a million dollars, I'm rounding, in base rates annually, beginning February 1st, 2022. What is that amount for? Is that for the arrearages that have been forgiven by this program?

A. (Horton) That's right. That's our estimate of the cost of the arrears that are forgiven. We implement it on February 1, 2022, that change in rates on February 1, 2022, because of the fact that it will take us time to develop the IT support and also to resolve some of the remaining details as Ms. Conner spoke to. And so our expectation is the program will be an offering later in 2021 or early in the 2022 time frame.
Q. Are arrearages that you don't collect included in uncollectibles?
A. (Horton) Uncollectibles expense is calculated based on when customers who don't pay their bills, accounts are turned off and receivables are deemed uncollectible. So this program is an offering to try to essentially reduce that over time by encouraging good payment practices by customers who struggle to pay their bills and qualify to participate in the program.
Q. So the arrearage that gets forgiven because the customer would never be disconnected, theoretically, would not be included in the

uncollectible amount that you're collecting otherwise; is that right?
A. (Horton) Correct. You have that right.
Q. How much -- do you have any indication or expectations about how much of -- how much this will reduce your uncollectibles?
A. (Conner) We do not. That's one of the reasons that we wanted to and supported the recommendations to have regular updates. This was something that we've put into place in other states so that you could see the data associated with arrears forgiveness, and because each state implements it differently. So we don't have an expectation on that.
Q. Well, what was your experience in the other states where you've implemented it? Is that collectibles?
A. (Conner) So we have a differing experience. We haven't linked it to without it would there have been a difference in uncollectibles. Rather, we've looked at it from the success rate of customers participating, the avoided truck rolls associated with that. And then of course

there are some non-monetary benefits, such as health and wellness and choices customers are making. And so -- but it's interesting. The success rate varies. It's something that we did discuss during the hearings and the way the programs are designed and the complementary programs that are with it.

So in Massachusetts, for example, you have, just as we would in New Hampshire, you would have a -- we would encourage customers to participate in the energy efficiency programs that would allow them to certainly optimize their energy usage, reduce unnecessary wasted usage associated perhaps with the home not being fully insulated as it could be. But Massachusetts also has a low-income discount rate. So there is -- so the success rate will differ.

In Connecticut, for example, they have some differing rules about the total amount that can be forgiven. They have differing rules about who can participate that is broader than just hardship customers, and so they have a different success rate associated with it. We've also seen, as is recommended in this settlement, that as you reduce the amount of arrears as the trigger, customers are more likely to be able to succeed. When we see the arrears get so large, at some point customers just can't see a way out of that. So reducing that amount has become something we've seen as a benefit.

Q. Is there any data to indicate in Connecticut or Massachusetts that fewer low-income customers are being disconnected as a result of the program?

A. (Conner) Well, certainly we have the data that indicates that the customers who are protected, we assume that they avoided disconnects associated with the program.

When it comes to the disconnects that are completed, the reality is that we have more customers eligible for disconnect than resources probably would ever allow us to, you know, and would we ever want to redo every customer that was eligible. Although, AMI does introduce that capability, by the way.

But I think that that's where we run into the challenges of trying to tick and tie the exact impact. But I do believe that as we get more data -- and I know I provided information in the filings that Charlie Herrick has developed with the National Law Foundation. I got the name not exactly correct. But anyway, he has published a study. He has some data in there that demonstrates some of the benefits associated with the arrearage management programs across the country.

Q. Mr. Colton, do you have any information to share as a result of your experience with these programs elsewhere?

A. (Colton) Yes. And just to make the record clear, Charlie Herrick works for the National Consumer Law Center here in Boston.

I do. I've worked with arrearage management programs throughout the country. And one of the things that I mentioned upfront was that AMP doesn't provide simply benefits to the participants, but it provides benefits to customers, irrespective of their income. And you're touching on what I intended to say by that. The non-income-eligible customers don't receive direct benefits. But some of the benefits that have been experienced, and that all three witnesses -- Ms. Conner and myself and Ms. Noonan -- have talked about are a reduction in uncollectibles; a reduction in collection costs, whether it be truck roll rates or the issuance -- the issue of disconnect notice -- anyway, the provision of a disconnect notice. One of the big benefits is a reduction in working capital, because as people reduce their arrears, the Company doesn't have to carry those arrears for as long.

One thing that hasn't been mentioned is fewer people have final bills because the participants have their housing stabilized. And by having their housing stabilized, the Company is able to preserve a revenue stream that it might otherwise lose. One of the things that Amanda, Ms. Noonan, talked about was the improved communications between the utility and social service agencies, which not only benefits the participants, but benefits all customers.

And there is data. I do a lot of work in Pennsylvania, where customers who both participate in the affordability program and in the arrearage management program move from being hundreds and hundreds of -- $5-, $6-, $7-, $800 in arrears to paying between 85 and 95 percent of their bills. In New Jersey, the evaluation that was found or that was performed for the board of public utilities for the state regulatory commission found that participants were paying -- that many participants, most participants, were paying more than 90 percent of their bill, and many participants were paying more than 100 percent of their bill over time. So the combination of customer payments and public assistance benefits was more than covering their bill. So the experience in -- well, one last state. Colorado, which has a similar program, found that the improvement occurred in a couple of ways. Number one was what's called the payment coverage ratio, so low-income customers were paying a higher percentage of their bill. No. 2 was the payment regularity ratio. So instead of making six payments a year, customers were making eight and nine payments a year. And one was the continuity of payments. So customers, instead of making a payment in month one, skipping months two and three, and then making it all up in month four were paying, making a payment in month one and a payment in month two and a payment in month three. So the risk of nonpayment to the utility and therefore to everybody else was reduced. And this all gets reflected not explicitly, but in the next rate case. And what it means is that the overall revenue requirement that the Company will need to ask for will be lower. Whether or not we can tell you that it's $17 or $170, we know that the reduction is more than zero and that it's likely substantial.

Q. Thank you.

Can you, probably Ms. Conner, talk about some of the rules associated with the program, or is that something to be figured out by the stakeholder group? For instance, a customer, you know, goes along and makes the monthly payment for six months and then misses the seventh month. Does that mean that customer is off the program? Do they have any ability to get back on the program? What are those kind of details?

A. (Conner) So some of those details, Commissioner Bailey, have indeed been worked out, that customers who miss two payments could come back on to the program, but they would need to make up those missed payments. So let's say that we've identified that their average monthly payment to cover their usage would be $100. If they missed month seven and eight, so now they haven't paid $200, they would need to make that up to re-establish on to the program. Also, if the customer we've discussed, if the customer completes the program successfully, then there is a period at which they would not be eligible to start again on the program. And subject to check, I believe we settled on 12 months in regards to that amount. And then the amount of arrears, of how much the customer is in arrears, is that we were, subject to check -- let me just double-check here on my notes. We had -- our settlement assumes $150 threshold of arrears for a customer to qualify for the program and 60 days in arrears. So those are some of the levers that have already been developed. But there's the enrollment after shut-off. Those details the group needs to decide on. So there's still some nits. And those particular nits impact our programming. So I'm so pleased that we're going to kick this off very quickly and we're going to have a short time frame to resolve this so that we can get the program in place and offer this as quickly as possible.

Q. So if a customer is successful and pays 12 months and their arrears are forgiven, and then they get into trouble again the next year, what happens?

A. (Conner) My understanding is that the

customer would have to be out for 12 months before they could start a new enrollment.
Q. So they could get disconnected in those 12 months if they stopped paying?
A. (Conner) Yes, they could get disconnected in those 12 months if they completely stopped paying.
Q. Okay. Let's talk a little bit about the stakeholder group. Who do you expect to participate in the stakeholder group?
A. (Conner) Well, I would anticipate engagement by interested parties, Staff, The Way Home. Certainly our regulatory team would be involved in this stakeholder process, along with the OCA, and maybe the community aggregators.
Q. Ms. Noonan, do you have an expectation of who will participate? And then I want to ask about why Staff is not a voting member. But who do you expect to participate? And do you expect the participation will be adequate to represent all the different interests?
A. (Noonan) Sure. So my expectation is that the parties to the settlement that are interested

in this topic will be part of the stakeholder group. We didn't want to limit the stakeholder group to only the parties that participated in this proceeding and signed on to the settlement. So Ms. Conner referenced the Community Action Agencies, they may be interested in participating. There are other community-based advocacy groups, such as Listen, I think it's called the Front Door in Nashua, other groups that provide assistance to this targeted population of financial-hardship customers that have insight and knowledge to add to how to implement this in a way that makes sense to New Hampshire, all those small details that we're talking about at this point. So that's -- of those groups who will participate, it's hard to say. But my hope is certainly that some number of them do participate in the group.

Q. Is there any concern that nobody will participate except OCA and Staff and the Company?

A. (Noonan) I don't have that concern. I suspect that at a minimum, Community Action Agencies and New Hampshire Legal Assistance, on behalf of The Way Home, will participate. Mr. Tower is nodding his head, so I think that's a safe assumption. And certainly we'll do outreach to other folks to see if they're interested as well.

Q. Okay. Thanks. Why is Staff not a full member of the group? Why does Staff's position not count, Ms. Conner?

A. (Conner) So this is something that we worked through on the settlement, that Staff would be on the working committee. Eversource would lead it. And the request for them to be a non-voting member was requested by the Staff.

Q. Okay. Ms. Noonan, can you explain why that is?

A. (Noonan) Sure. I think that Staff viewed this similarly to the -- I'm going to get the wrong acronym -- I think it's the EESE Board, where Staff participates in the meetings, Staff contributes to the meetings, but Staff is not a voting member of that group. The stakeholders that are most closely involved with the actual community that participates in this program are the voting members of the group. And that was the basis for this, and to put this commitment and responsibility out to the people that work with this constituent base every day.

Q. Okay. The report that we're going to get 120 days after the order if we approve the settlement agreement, it's going to describe areas of consensus and areas of disagreement. Will the Commission approve the final program design?

A. (Noonan) That would certainly be my expectation.

A. (Horton) Mine as well. That was Doug Horton.

Q. So if there are disagreements on the program design, the Commission will have to sort that out and make decisions about it. Everybody agrees with that?

MR. BURKE: Commissioner Bailey, sorry to interrupt. I think Mr. Colton might have been trying to say something, but he was on mute. I just wanted to flag that in case he had something to add to your last two questions.

COMMISSIONER BAILEY: Thank you. Mr. Colton.

A. (Colton) I agree with that, that the agreements -- that the Commission will have the final say.

Q. All right. Thank you.

COMMISSIONER BAILEY: That's all the questions I have, Madam Chair.

CHAIRWOMAN MARTIN: Okay. Ms. Robidas, are you in a position to continue or do you need a break? You're okay? Okay. Then I'll ask my questions now.

BY CHAIRWOMAN MARTIN:

Q. We heard testimony that in the current program, there is a convenience fee and that the related charge is 1 percent to 2-1/2 percent. So is the current convenience fee a fixed fee, or is it variable based upon the actual charge?

A. (Conner) The convenience fee is a fixed fee that we have negotiated based on a series of bids that we put out an RFP for pricing on this. So it is a fixed fee. As I mentioned, it then has some options for the provider to review those fees to adjust it. Yeah, so it's a fixed fee for the customers.

Q. Can you clarify, then, the 1 percent or 2-1/2 percent, how that factors in?

A. (Conner) I'm sorry for creating that confusion, Chairwoman Martin. I was trying to explain and describe the magnitude of scale on the various payment channels. So the numbers are for illustrative purposes. They are not exact to the decimal point.

So as I mentioned, if a customer is on auto pay and we're drafting from their checking account, that is one of our lowest cost methods, and it's a couple cents typically in utilities to cover that cost. If they pay by check, it's typically around 10 cents. And if they're paying by credit card, the fee that we're paying behind the scenes is typically in the range, once negotiated, of between 1 and 2 percent, as I mentioned. That cost varies depending on the amount of payments. And our vendors have reminded us obviously as we expand the program. So if we were to expand it to include, for example, recurring payments, and we would expect an increase in the volume, then we would also expect some lowering of the total cost. But it depends on the amount of customers you're serving, the amount of customers that would be choosing that channel. And then we put that out for bid, and those bids come back to us. So I was just trying to give you a magnitude of scale using a $100 bill. So a $100 bill, if they're paying by check, it costs us 10 cents. If they're paying by auto pay, it costs us 2 to 3 cents. And if they're paying by credit card, it could be between $1 and $2.

Q. Okay. And on -- why is it limited to the one-time -- I know it could be done monthly. But why is the agreement limited to the one-time payment versus automatic or recurring?

A. (Conner) Very good question. And so as we looked at the refiled settlement, our penetration rates we're assuming in year one is 5 percent, and it ramps up over the four years of 8.9 percent. And that, again, was informed by our experience in Connecticut. Our original filing had that ramp-up rate increasing more steeply. And obviously, that penetration rate impacts the cost. So as I mentioned, the cost in the refiled settlement is actually lower by 745,000.

But let's talk about if we were to offer recurring. And I had my team pull this data together. As I mentioned, we have 92,000 customers on recurring payment. If every one of those customers said I am going to change, instead of it coming out of my checking account, it's going to come out of a credit card, then that would be 12 payments a year that we would be covering the cost of, and it adds another 1.5 million to the cost. So instead of the total program being 2.081 million, it would be that plus another 1.5 million. Now, I would submit that not all 92,000 are going to do that.

So let's assume only half of them do

that. You're still adding 750,000. It's the fact that if it is recurring, it's going to occur 12 times a year. When we actually believe if it's a one-time payment, the average customer is probably only going to do maybe three payments a year using that channel. So it just exposes it to a lot more cost. And we were concerned about the burden on rates.

Q. Okay. Thank you. There was mention about the $150 in the arrears forgiveness program and the 60 days. How were those arrived at? Is there data to support that?

A. (Conner) So we've been involved in the arrearage management programs at Eversource, and I'm sure Mr. Colton may have further to build on to this, but we've been involved, gosh, since I've been with the Company, since 2002. And the programs have evolved. We've learned a lot of best practices. We've learned that the one-year horizon really is the best. We used to have much longer ones. We've learned that reducing the threshold allows for -- that lower arrears allows for customers to be able to see that and be able to say, you know, I can make that happen, it's not so daunting, versus waiting until it gets so huge that they feel like it's just untenable and they're going to need to -- they're just not ever going to be able to catch up. So that was with discussions and collaboration with The Way Home and Staff to develop the final selection of 150.

Q. Mr. Colton or Ms. Noonan, if you want add, please?

A. (Colton) With respect to your question about whether there is data behind that $150, the answer is yes. In my direct testimony, I provided an empirical basis for setting the number. I believe that my recommendation was $120, but through discussions $150 was agreed upon.

And what you want is, you want a couple of things. You want the arrearage forgiveness to kick in before someone might otherwise lose their service to a disconnection. The original proposal was $300. But the data in my direct testimony showed that there were a lot of customers -- I don't remember the exact number right offhand. But there were a significant number of customers who would have had service disconnected before they would have become eligible for arrearage forgiveness, and we wanted to avoid that. On the other hand, you don't want to set the numbers so low that somebody who just happens to miss a payment can be -- can enter the arrearage management program and have that payment go away. The arrearage management program is intended to address customers who are getting so far behind, that they're beginning to pose a risk of nonpayment in the future, not only of their past-due arrears, but of their bills for current service going forward. So that number needs to be not too high, but it needs to be not too low as well. And there is -- that empirical analysis was presented in my direct testimony.

Q. Thank you for that.

Ms. Noonan, did you want to add anything?

A. (Noonan) I think the only thing I would add to the conversation is that, if you think about an average monthly bill for a customer using an all-in rate of between 18 and 19 cents, their bill is between $130 and $140 a month. And so having $150 past-due balance that is 60 days past due, as Mr. Colton pointed out, they are in jeopardy of being disconnected. It's not so low that it's just their current monthly bill, but they are now in danger of being disconnected. But it is still a manageable amount, hopefully a manageable amount for the customer to try to deal with as opposed to higher amounts, $300, $400, $500, which would be become overwhelming to customers and a financially difficult situation.

Q. Okay. Thank you.

Similar question on the $12,000 annual cap on forgiveness. What is that number based on?

A. (Noonan) So we asked -- we looked at the range of past-due balances owed by Eversource customers in New Hampshire who were currently coded as financial hardship, and we selected that balance as kind of a middle range. It would cover the majority of customers, not all of the customers. Some customers have balances considerably higher, some customers have balances considerably lower. But that seems to encompass more than 50 percent. I don't recall the percentage offhand of customers with past-due balances currently.

Q. All right. Thank you. I was just surprised by the size of that. But it sounds like it's a number that customers actually have.

We heard testimony earlier about on-time payments, and there was a discussion about if you missed a payment entirely, what happens then? What if your payment is just late?

A. (Conner) So I do want to take a moment while we're on this to clarify if a customer misses a payment or two payments, how they re-enroll. I was incorrect. We have not landed on the final rules on that, so we will be developing that in collaboration.

If a customer is just late, that they wouldn't have been considered -- we would --

there is no issue with the payment being late because we allow for two months before the plan breaks, typically. So just being late wouldn't cause them to break the plan.

Q. Okay. Thank you for clarifying that.

Back on the issue around stakeholder group composition. It says any "interested party," I think is the language, can participate, or "any other interested parties." And it sounds that Staff would be non-voting, though all other interested parties will be voting. Is there a plan to come up with a way to manage that, given that you don't know who the interested parties will be?

A. (Noonan) I think one item for the stakeholder group to address first is its rules of governance and how it would manage votes and how it would move forward and who the various members are.

Q. But is it definitely planned to be a voting group, and so out of it will come the result of a vote? Or is that still out there for debate?

A. (Colton) If I understand your question correctly, I think the expectation is it would be a disappointment to all of the parties who agreed to the stipulation if it came down to having a decision made on a 5-4 vote. The expectation is that this working group will work in ways that are similar to other working groups that have been constituted in New Hampshire, for example, on low-income energy efficiency, and that the notion of a vote isn't what people had in mind. Again, at least from The Way Home's perspective, if a decision came down to a 5-4 vote, that would be -- that would not be what was hoped for through the working group. And again, the working group is intended to be constituted in a way similar to other working groups. So I think the big expectation of other members are the Community Action Agencies, or probably the Community Action Association would be the other primary expected participant, without talking on behalf of the CAPS, of course.

Q. Anyone else have a different perspective, or is that the understanding?

A. (Conner) You know, that would be my perspective. I think Mr. Colton has it correct. We are interested in, Eversource, in designing a program and implementing a program that makes sense for New Hampshire customers. And we are really looking for the input from stakeholders, the Community Action Agencies, from The Way Home, from Staff, that help us design a program that meets the needs of New Hampshire, which is different than other states. And so, as I said, the programs that we manage in Massachusetts and Connecticut vary. Even within Massachusetts, the programs used to vary Eastern Mass. to Western Mass. So it's about designing it for what makes sense for your customer base. And I agree, I don't expect this to be contentious. Rather, I expect this to be really gaining an understanding and coming to the best decision. And I agree, I don't expect anything to be a 5-4 vote. I would expect we would come to agreement on everything.

Q. Okay. Thank you.

I have one last question. Eligibility. We heard some testimony about that. What is the process for reassessing eligibility, and how often does that plan to be done?

A. (Conner) Well, today, customers can let us know if they are eligible for hardship. We code it once a year into the systems. We also work with the agencies to get that information. So it's good -- once we do code them for hardship, that protection is good for a year. So a customer can call us up, and we will ask them questions trying to identify whether they might qualify for hardship. Because in these times, particularly in these times, we really are encouraging our customer service representatives to help our customers, because some of these customers with this pandemic may have not qualified before and may qualify now. So we're encouraging our customers. We're having a conversation with them, talking about the various ways they may qualify and then encouraging them to reach

out to those agencies. And they can provide us with documentation that they are income-eligible.
Q. Okay. Thank you.
CHAIRWOMAN MARTIN: Any redirect, starting with Mr. Fossum?
MR. FOSSUM: Yes, just a couple. And I think the questions that I have I think Ms. Conner kind of got to, but I want to make sure it's clear.

REDIRECT EXAMINATION

BY MR. FOSSUM:
Q. Ms. Conner, there were a couple questions from the Commissioners about sort of the operation of the program, missed payments, disconnects, things like that. Do you remember those lines of questions, particularly from Commissioner Bailey?
A. (Conner) I do.
Q. And while you had given some information about that, would it be fair to say that while the items that you discussed around, for instance, missed payments, that those things have been talked about amongst the

parties but are not memorialized in the settlement itself?

A. (Conner) That is correct.

Q. And so those will be items that will be subject to some further detail work with the stakeholders.

A. (Conner) That is correct.

Q. Thank you.

MR. FOSSUM: That's all I have.

CHAIRWOMAN MARTIN: All right.

Mr. Burke, any redirect?

MR. BURKE: No, not for me at this time, Madam Chair. Thank you.

CHAIRWOMAN MARTIN: Okay. Thank you.

Ms. Amidon.

MS. AMIDON: No. Thank you.

CHAIRWOMAN MARTIN: Okay. Well, thank you to all the witnesses. I think at this point we will take a lunch break until 2:00. We'll go off the record.

(Lunch recess taken at 1:12 p.m, and the proceedings resumed at 2:15 p.m.)

CHAIRWOMAN MARTIN: Okay. Let's go

back on the record.

Mr. Wind, do you know if we have anyone here for public comment? If we do, I'd like to take them before closings.

MR. WIND: I have not had anyone successfully make contact with me. So no one has contacted me through Webex, and I have not received any communications from either the Executive Director or the receptionist.

CHAIRWOMAN MARTIN: All right. Thank you. Then I think we need to deal with exhibits before we move to closing.

The settlement agreement provided that all parties agree to admission of the exhibits as full exhibits. So we will strike I.D. on 5 through 58 and admit them as full exhibits. However, I do note that those that consist of prefiled testimony that was not adopted by a witness present during the meeting will be admitted as a full exhibit as documentary evidence. I just wanted to put that on the record.

Okay. Let's move on to closings and start with Mr. Kreis.

MR. KREIS: I've gotten used to being first now.

Let me just start by thanking you for the ruling that you just made. I think that admitting those non-attested-to exhibits as documentary evidence I think is really the right thing to do. So thank you.

I am just going to start right in with the question that -- or the questions that Chairwoman Martin and Commissioner Bailey asked us explicitly to address, and that is the question of whether Eversource's investment in AMR meters, beginning in 2013, as distinct from AMI meters, was prudent. Chairwoman Martin's specific question was: Do we need to make a prudency finding without something in the settlement to that affect? That something, of course, is an explicit statement in the settlement agreement to the effect that this investment was actually prudent.

I have to be very careful about what I say on this subject. My signature appears on the settlement agreement. That obligates me to advocate for your approval of the settlement agreement without change or modification. If you were to disallow some or all of Eversource's AMR investment as imprudent, you would be making a decision that is inconsistent with the settlement agreement. I do not recommend you take that particular course of action.

At the same time, as an attorney, I have an obligation to be candid with this and any other tribunal before which I appear, and I have to tell you that if this settlement contained an affirmative agreement that Eversource's AMR investments were prudent, I would not have signed the settlement agreement. Had this rate case been fully litigated, we would have introduced the prefiled written testimony of one of our consultants, Paul Alvarez, that has been marked for identification and just admitted into the record in this proceeding as Exhibit No. 27. Mr. Alvarez's written testimony was an effort to make an affirmative case that Eversource's AMR investment, which began in 2013, should be disallowed in its entirety on grounds of imprudence. I am not relying on Mr. Alvarez's testimony as record evidence here in support of the settlement agreement. In my judgment, you really ought to treat that exhibit as an offer of proof on the question of what Mr. Alvarez would have testified to on this subject on the date it was filed, December 20th of last year. I'm reasonably certain that had Mr. Alvarez actually taken the stand in this hearing, or if he were to take the stand in the future should you reject the settlement, he would be subjected to vigorous cross-examination from my colleagues representing Eversource. I also can't rule out the possibility that Mr. Alvarez would correct errors in his testimony. But make no mistake. In a fully litigated case, we would have introduced the Alvarez testimony and made him available for cross-examination. On behalf of Eversource's residential customers, I bargained away my opportunity to do that. I did that knowingly and deliberately, based on my judgment that overall the terms of the agreement result in rates that are just and reasonable.

So my answer to Chairwoman Martin's question is, no, you do not need to make a prudency finding with respect to the AMR investment. In fact, I would go so far as to suggest that the record adduced here does not even support such a finding. Well, how then can you approve the settlement? The answer is that the Commission resolves rate cases all the time without making an affirmative finding that each and every item in rate base is the result of a prudent investment. There is a pile of weighty questions that is, once again, being, I guess, elided here: Who carries the burden of proof when it comes to prudency? Is a rate case decision res judicata should someone in the future want to revisit the prudence of investments in the test year rate base reflected in the filing that began this proceeding? Is the whole notion of factual findings even applicable here, given the Commission's recent and troubling suggestion in Order No. 26,417 that rate proceedings aren't even adjudicative in nature and are instead examples of a third flavor of decision-making, call it strawberry, or more properly the so-called "legislative proceeding"?

As to all of this, my earnest and respectful recommendation is: Don't go there. Approve the settlement agreement. We agreed upon and explicitly set forth a just and reasonable return on equity, a just and reasonable capital structure, and a just and reasonable overall revenue requirement. We put the Company on a path toward AMI deployment, even though advanced metering is an important step in the inevitable march toward the obsolescence of legacy electric utilities, except perhaps as to literally everything but poles and wires. Not meters, not billing, not customer relationships, not a dynamic retail marketplace. We accelerated the depreciation of the AMR meters because we can't wait to see the last of this technology when AMI meters are so customer-empowering.

I commend to your favorable attention certain key provisions of Section 14 of the settlement. In Section 14.3, Eversource agreed to include a symmetrical decoupling mechanism in its next rate case. That is a big deal because Eversource already has a decoupling mechanism: A heads-I-win-tails-you-lose thing called the "lost revenue adjustment mechanism" that supposedly makes Eversource whole for revenue lost to ratepayer-funded energy efficiency.

So what we'll get in the next rate case is symmetry, not the upward ratchet we have now, but a mechanism that in appropriate circumstances can and will actually adjust rates down. When this rate case began, I was prepared to insist on symmetrical decoupling now. But then, as everybody knows, the pandemic happened. It is not good for ratepayers to implement decoupling during a pandemic, and that's the reason it's not here in this settlement. And we actually deferred the implementation of decoupling in the recently concluded Liberty Utilities electric rate case, DE 19-064, as well.

Meantime, Section 14.6 of the settlement means we are finally going to make near-term progress on a new and better time-of-use rate option for residential customers. I'm really enthusiastic about that because, to be frank, although I never hesitate to criticize Eversource when the Company deserves criticism, I am deeply respectful of the Company's rate analysts. You know from having listened to Doug Horton and Ed Davis and Erica Menard, who testified here, that they are smart and capable folks. We will need their help in getting the new time-of-use rate right. And in Section 14.6, they have committed themselves to providing it. This is very good news for residential customers, and indeed all Eversource customers.

Here's my penultimate point: I want to thank my colleagues from the Energy and Utility Justice Program of New Hampshire Legal Assistance, along with the relevant folks from Eversource, for their work on implementing an arrearage management program for the first time. The pandemic has loomed over this proceeding like the Sword of Damocles, but this is another example of a crisis that we should not waste. In other words, this is an especially opportune moment to launch a program that allows and encourages the effective management by responsible but economically stressed customers of whatever arrearages they amass. Since all customers ultimately cover the cost of unrecovered revenue, this is good news for all customers, regardless of their economic status.

And finally, I would like to thank my colleagues on the Commission Staff and my colleagues at Eversource for their good work and their good faith over the past couple of months. The negotiations that led to this settlement agreement were respectful, they were thoughtful, and they were constructive. Relations among the key players are better as a result, and we are well poised for a good near-term future of Eversource as a regulated

New Hampshire electric distribution utility. The rates and terms of service reflected in the settlement agreement are just, reasonable and in the public interest. So therefore, on behalf of residential customers, I recommend that you approve the settlement agreement without change or modification. Thus concludes my closing argument.

CHAIRWOMAN MARTIN: Thank you very much.

Ms. Buchanan, are you planning to make a closing?

MS. BUCHANAN: I am. Thank you, Chairwoman Martin and Commissioner Bailey.

Chairwoman Martin, in regards to your questions for the group to answer during closing statements, I will defer to the attorneys in the room today. However, Clean Energy New Hampshire would like to thank PSNH, Staff, OCA, and all of the parties for coming together to agree on the settlement agreement, which we support.

Though several of the issues which were most important to us are not fully resolved, such as electric vehicle make-ready and demand charge alternatives, symmetrical revenue, decoupling, updated efficient streetlight tariff and time-of-day rate, we are satisfied with the commitments included in the settlement agreement to address and resolve these issues. We look forward to working with the Company and other parties to make progress on these matters. Relevant to our testimony, we are also supportive of the DRAM being considerably reduced in scope as the RRA and to ensure it will be included in the net metering tariff.

In conclusion, Clean Energy New Hampshire supports the settlement agreement and encourages the Commission to approve it.

CHAIRWOMAN MARTIN: All right. Thank you.

Mr. Burke.

MR. BURKE: Thank you, Chairwoman Martin and Commissioner Bailey. I'll just note at the outset that The Way Home did not focus on the AMR issues, so we will also defer to our other colleagues in this proceeding to further address how that should be dealt with.

But I would like to say that The Way Home does support the settlement agreement that has been presented to you in this hearing, particularly with respect to the creation of the New Start program. And The Way Home believes that it is appropriate for you to approve the agreement and the New Start program for the reasons the witnesses have testified to today. The Way Home submits that the record demonstrates that the New Start program will help make bills more affordable for low-income customers by creating a mechanism for dealing with what at times can be overwhelming arrearages. And in doing so, the program will help customers with a financial hardship avoid having to make the dire choice between paying their electric bills or paying for other basic needs, such as food or medicine. Based on the testimony of the witnesses in the record before you, The Way Home would suggest that the New Start program is a win for both customers, and as you heard from the consumer advocate a moment ago, and for the Company, because it could lead to more predictable and stable payment patterns, and may also reduce collection costs and minimize the pressure on working capital, among the other benefits that you heard about today from the witnesses.

In addition, you've heard some testimony and comments about the impacts of the pandemic on this proceeding. And we would ask the Commission to take note of the devastating economic impact that the pandemic is having and will continue to have for some time on low-income customers. We share the consumer advocate's statements from a moment ago about the impact of the pandemic on the New Start program, and we would submit that this is another factor that weighs in favor of approving the program, in addition to everything that's in the record before you in this proceeding.

Finally, we would like to commend the Company for being the first to propose an arrearage management program in New Hampshire through the New Start program, and we very much appreciate the work of all the parties in this docket that made this agreement possible. We're looking forward to continuing that work with the parties in the New Start stakeholder group to help get the program up and running should the Commission approve this settlement. The Way Home believes that the data we will receive and the lessons we will learn through that stakeholder group will be important to not only monitor and evaluate New Start, but to help build on this program in New Hampshire so that other utilities might one day follow the Company's lead on this issue.

In closing, The Way Home believes that the New Start program is in the public interest and will aid in establishing just and reasonable rates, and for these reasons we recommend that the Commission approve the settlement agreement. Thank you.

CHAIRWOMAN MARTIN: Thank you.

And Mr. Coffman.

MR. COFFMAN: Yes. Thank you, Chairwoman Martin and Commissioner Bailey.

On behalf of the AARP, I do recommend that you approve this settlement agreement. It was the result of a lot of discussion, and it wasn't an easy decision of AARP to sign this settlement. As you know, we came into this with quite a bit of concern once the pandemic hit, that this was really not the time for a significant rate increase. But after much discussion and much negotiation, we have come to the opinion that this settlement agreement has more to benefit consumers than litigating this case would. And I can just briefly go through what we see as the things that make this beneficial for consumers in order of probably their significance to the association.

One would be the class cost of service treats customers equally as the way of the spread under the agreement. That is much preferable to the way that Dominion [Eversource] had filed its case.

We also are satisfied with the

customer charge. We do have a preference or a particular focus on low-usage customers. They include a lot of seniors, as well as a lot of low-income folks, and people who do like to conserve. So we think that there are a lot of public benefits to keeping that customer charge low. Obviously, it had already gone up somewhat with the temporary rate system that you have in New Hampshire. But we were reassured that it was not going up any further until at least the next proposal, and that even the step increases going forward will be put in place on a volumetric basis. And that provided us some comfort.

We are happy that there is a stay-out provision. We are happy with the New Start arrearage management or arrearage forgiveness management program. AARP has for many decades promoted an arrearage forgiveness, and we're very pleased to see that type of program being adopted by utilities across the country. Particularly this year, it seems to be gaining momentum as a trend, and it is shown to be beneficial to all parties when implemented right and a lot of attention paid to it. So we're happy to see that.

And I would not weigh in necessarily on the prudence laws in New Hampshire. I have 30 years of specializing in this area of law, but this is my very first New Hampshire case. But I would say that generally we entered into this agreement with the understanding that there was not a specific provision regarding prudence, and we do like the fact generally that commissions are able to review the prudency, and future commissions will be able to review the prudency going forward.

So we support the agreement as is. And this has been a very positive experience. Everyone who I have dealt with through this process has been courteous, friendly and helpful, and I appreciate being a part of it. Thank you.

CHAIRWOMAN MARTIN: Thank you. All right. Ms. Amidon.

MS. AMIDON: Thank you.

This petition for permanent rate changes, which is Eversource's first such petition in 10 years, is a complex and detailed proposal that includes significant increases in distribution revenue, ambitious capital spending programs, unique distribution revenue recovery mechanisms and undertakings, such as the New Start forgiveness program and the EV charging infrastructure program, that had not previously come before the New Hampshire Commission.

As may be expected, many parties intervened, representing their own interests on how Eversource should modify its proposal and to address their concerns about the filing. The Commission also received hundreds of comments from customers concerned about the rate increase. And in addition to the complexity of the proposal, which resulted in many hours and days of Staff and intervenor review, and the efforts of Eversource to respond to all the discovery and other requests for information, we are currently in the middle of a pandemic.

In light of these factors, it's notable that the settlement agreement before you has unanimous support of all the parties and balances the various interests of those parties in a fair and reasonable manner. Are all the parties totally satisfied with all the terms? Staff and others would be happy to accept more concessions from the Company, but that is the nature of a settlement agreement. And this settlement, as the parties all agree, represents a set of compromises and terms that, as a whole, are in the public interest and result in just and reasonable rates for Eversource and its customers. Some parties have already expressed their position supporting various parts of the settlement agreement, so now it is Staff's turn.

Some of the terms that we believe are important are a number of measures designed to improve the ability of Staff to track and evaluate expenditures in the step adjustments and the Company's capital projects. These measures include developing templates for the submission of information to be reviewed by Staff that will set clear expectations for the Company to provide certain papers and certain documents in connection with those investments to prove that those investments were reasonably developed and consistent with least cost planning criteria.

Staff and the Company also agreed to engage an independent auditor to conduct a business process audit of the Company's capital budgeting and expenditure procedure. While the Commission could order such an audit at any time, it's particularly appropriate given the recent divestiture of the Company, the long time since its last rate case, and its merger with affiliates, with Eversource, to have that business audit be done at this point.

Another aspect of the settlement agreement is the requirement for an engineering review of proposals within the so-called "GTEP" program and the examination of the Company's vegetation management practices, again in the context of least cost planning. These provisions in the settlement agreement, as well as those for a business process audit that I just mentioned, are promising examples of the Company's willingness to work with Staff in a manner that benefits customers.

Another key provision of the settlement agreement is a term to allow Eversource to use a reconciling mechanism to cover the costs that may vary from year to year for property tax, PUC assessment costs, PUC and OCA consultant costs, lost revenue due to net metering, in addition to certain costs in the vegetation management program as provided in the settlement agreement. This reconciling mechanism addresses a number of Staff's concerns and is consistent with a similar provision that the Commission approved for Unitil in connection with its external delivery cost recovery mechanism and is appropriate to approve for Eversource at this time.

Staff also supports the significant innovative undertakings that the Company has agreed to conduct in the near future, including the development of a new time-of-use rate, provisions for municipal ownership of municipal lighting and maintenance of the lighting, and an investigation of the EV charging infrastructure.

Staff also supports the initiation of the New Start arrearage management program and the Company's agreement to create a stakeholder group to help guide the program design.

With respect to the Commission's request that attorneys address prudency of plant in service at the time of the test year, Staff agrees that the Commission can only provide rate recovery of investments that were prudently incurred, used and useful investments, as required by RSA 378:28.

As you heard from Mr. Chagnon on redirect on Tuesday, and Mr. Horton today, the settlement in this proceeding is a global resolution of all issues, with all the parties, including -- and it includes any assertions related to imprudence. In other words, the settlement agreement assumes that all revenue requirements of capital investment in the test year 2018 that is used in the calculation of rates to recover such revenue are for prudent utility plant, used and useful, in service to the public.

The Commission encourages settlement. Among its rules is PUC 203.20, which provides that settlement discussions are confidential. The settlement agreement, signed by all the parties, also states that, quote, "All offers of settlement and settlement discussions relating to this docket shall be confidential, shall not be admissible as evidence in this proceeding, and shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion."

At the Commission [hearing], the

hearing [Commission] asked about one provision in the settlement agreement and inquired about the underlying issue. The fact is that that provision was part of an overall settlement where the terms and conditions were carefully weighed and represent a compromise of many, many issues in this petition. The provision might be likened to a "black box," but the black box is a device that has been successfully used in the context of other settlements to achieve a just and reasonable resolution of a contested case. The Commission has previously approved such "black box settlements": For example, in Eversource's last rate case, Docket No. DE 09-035 and Unitil's 2016 rate case, DE 16-384. The Commission has appreciated the use of this device to help achieve a settlement, and that is -- and the purpose of this was -- and that was the purpose it was used in this instance. Again, the flexibility to do so allows Staff and the parties to reach an agreement on all aspects of this case, an achievement that serves the public interest.

Based on the testimony of all parties at the hearing, the settlement agreement, in Staff's opinion, is in the public interest and will result in just and reasonable rates, and provides a fair return to shareholders. Staff recommends that the Commission approve the settlement agreement as filed in resolution of all issues in this proceeding.

As a side note, I would ask the Commission, respectfully, if it could direct the court reporter to provide expedited transcripts so the order may be issued on or before November 28th, as that is one term in the settlement agreement. Thank you.

CHAIRWOMAN MARTIN: All right. Thank you.

And Mr. Fossum.

MR. FOSSUM: Thank you very much. It feels a little weird to start by thanking the parties to this proceeding, given the length of it and some of the difficulty along the way. But I feel it very much appropriate to do so. It's been a long road for this case, made longer by the pandemic and the need to shift how we work and how we live. But in that time we have made meaningful advances through important and respectful discussions, and those have led to this comprehensive settlement agreement that's before you today. I believe this agreement is remarkable because it is joined by every party to this case. We each came to this proceeding with widely different perspectives, goals and values.

One of the metrics the Commission generally uses in reviewing settlement agreements is to look at the diversity of the parties and interests in a case. In this case, you have an incredible diversity of opinion and position, and we've come together to reach a mutually agreed-upon solution. I believe it speaks to the value of this agreement that each of these parties believe, in the spirit of compromise, that it supports their goals. The settlement resolves immediate matters to this case, provides a meaningful pathway to further future developments that will help this Company, Staff, the OCA and other parties, and importantly, customers. And with that, I'll turn to reviewing the agreement and why it's our position that it serves the public interest.

As to some of the specific terms resolving the near-term issues on rates, early in the agreement, Section 2 notes some concessions made in both directions to reach settlement. Each of these concessions, the recovery of the regulatory asset and deduction on the cost of service, were present in the Company's initial filing, thoroughly debated by the parties, and ultimately agreed upon to make it possible for the parties to arrive at a settled revenue requirement in this case. These mutual concessions were essential to reaching an agreement and, in our opinion, represent a fair and reasonable solution.

Additionally, the rate design in this case was adjusted to provide for equal percentage changes to the various customer classes. There was an agreement to keep the customer charge at the temporary rate level. As noted by AARP just a few moments ago, this is a fair and reasonable way to apportion costs. We believe it is an important factor for customers.

Further, this agreement provides clarity around the handling of storm costs and provides a measure of clarity and certainty around vegetation management costs in the near term. It has set an appropriate return on equity and defined a reasonable capital structure.

In the settlement, we adjusted how we would handle the excess deferred income tax, as you heard Mr. Horton testify, to drive down the cost of recoupment and mitigate impact to customers. In all, we believe these terms are appropriate and support rates that are just and reasonable.

With respect to the question raised about the prudence of the AMR investment, the short answer is that there is no need for a separate finding on that issue. As noted by the Staff, under RSA 378:28, we recover on prudent investments. To the extent that the AMR investment or other investments are included in the revenue requirement that is set in this settlement agreement, the presumption is that those investments are prudent and reasonable for recovery. There is no need for an explicit finding on that investment alone, just as there would not be an explicit prudence finding on poles, wires or other equipment. As described by the OCA a few moments ago, the Commission resolves these kinds of matters all the time without such findings, and there's no need for one here.

Transitioning now from the near term to a view of future items, and looking first at items in the shorter term, we believe this agreement is reasonable because it provides step adjustments that allow the Company an opportunity for recovery on certain plant placed in service to support customers after the test year. The steps are reasonable and in line with prior practice in New Hampshire. Importantly, they are capped in amount and limited to certain defined capital items. The Company retains a meaningful burden to control capital costs, as well as its operation and maintenance costs going forward, as those items outside the step are not covered.

Additionally, the Company is pleased to be able to implement the RRA. The items in that recovery adjustment have been pared back from what was initially proposed and now is focused more on the kinds of costs that are, as a general matter, outside the Company's control. This is not to say that we can or will send all defined costs through without doing what we can to control them. As Mr. Horton testified, it is in our interest, as much as customers, to do what we can to keep these costs low, including, for example, seeking tax abatements when and where appropriate. These terms would help assure that there will be just and reasonable rates going into future years.

Turning to the somewhat longer-term items, here is where we believe there will be significant benefit to a number of parties to this case, as well as to this Commission, and New Hampshire customers more broadly. Looking at these provisions more or less as they show up in the agreement, first, as you've heard discussed, we'll be working with the Staff and the OCA on a template for presenting project information and documentation that will ensure that it's presented in a uniform and useful way. As Commissioner Bailey pointed out, the Staff's review of projects in this case was difficult. In the hopes and with the intent of minimizing similar issues in the future, we will have an agreed-upon way to show and provide that information to our mutual benefit. Along that same line, there will be a business process audit of the Company. That audit will likely be the source of an adjustments template and quite possibly will provide other insights to assist the Company and the regulators in doing the work that they need to do.

There's some continuing work and analysis around the handling of the retirements of the Company's old meter stock, and we look forward to resolving those open questions. An outside party will conduct a comprehensive review of advanced metering functionality and what it will take to bring those benefits to the customers of New Hampshire. As you heard a couple times in testimony, it's not a matter of if this is coming, but when. This assessment will give all parties useful information to guide the next steps along that path.

Speaking of various assessments, there will also be an engineering-based condition assessment of the Company's New Hampshire distribution infrastructure. As you've heard in testimony, there are and have been some differences of opinion on the state of the Company's system and the need for value of certain system investments. We look forward to having an independent party conduct its own condition assessment which we believe will help bridge those differences. As part of this assessment, we'll validate the strategies we are using to address the aging condition of the system to see that they are consistent with the least cost principles. We'll couple this assessment with a customer survey on the value of reliability to ensure that the voice of the customer is part of the overall analysis, both in the pending least cost integrated resource plan and beyond.

Also relative to the voice of the customer, we are pleased that this settlement allows for us to implement two programs that you heard about today that we believe will provide meaningful improvements in customer satisfaction. First, on the fee-free credit card option, we are pleased to be able to remove this perceived barrier and better align our processes with those of other companies in the modern age. More importantly, though, we are pleased and proud to be able to bring to New Hampshire the New Start program. This program, as you heard a short a while ago, will bring real and tangible benefits to customers struggling with their bills and will help them keep their heads above water and on the right path. The program will allow us to more effectively work with customers to achieve outcomes that are beneficial for everyone. Implementing the program will take some time and it will take some collaboration. We are ready to convene and support the stakeholder group and help guide the deployment of this program in New Hampshire.

Lastly coming out of this settlement agreement, there will be some additional dockets to look at focusing on time-of-use rates and EV infrastructure. We are prepared to work with the interested parties on those items and to produce proposals and advance those issues meaningfully in New Hampshire. There are other provisions, and the details are within the settlement of course.

But it's fair to say that the above proposals expressed in the settlement show the depth and breadth of the issues at stake in this case and the means that the parties found to address them. We're asking that this settlement be approved as filed because it provides a fair and reasonable resolution to a vast number of issues, it sets just and reasonable rates, and it provides a helpful path to future benefits for New Hampshire customers. Thank you.

CHAIRWOMAN MARTIN: All right. Thank you, Mr. Fossum.

With that, we will close the record and take this matter under advisement. I do want to say that we appreciate how very organized the presentation of this settlement agreement was and the clear collaboration between the parties to do that. So thank you very much. I think this went very smoothly.

And with that, we are adjourned. Have a good rest of the day.

MR. FOSSUM: Thank you, Commissioners. Thank you everyone.

COMMISSIONER BAILEY: Thank you.

(Whereupon the Day 3 of the hearing was adjourned at 2:52 p.m.)

C E R T I F I C A T E

I, Susan J. Robidas, a Licensed Shorthand Court Reporter and Notary Public of the State of New Hampshire, do hereby certify that the foregoing is a true and accurate transcript of my stenographic notes of these proceedings taken at the place and on the date hereinbefore set forth, to the best of my skill and ability under the conditions present at the time.

I further certify that I am neither attorney or counsel for, nor related to or employed by any of the parties to the action; and further, that I am not a relative or employee of any attorney or counsel employed in this case, nor am I financially interested in this action.

The foregoing certification of this transcript does not apply to any reproduction of the same by any means unless under the direct control and/or direction of the certifying reporter.

Susan J. Robidas, LCR/RPR
Licensed Shorthand Court Reporter
Registered Professional Reporter
N.H. LCR No. 44 (RSA 310-A:173)

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