Public Service of New Hampshire d/b/a Eversource Energy
Docket No. DE 21-020

Date Request Received: 06/29/2021 **Date of Response: 07/14/2021**
Request No. NECTA 3-001 **Page 1 of 2**
Request from: New England Cable and Telecommunications

Witness: Douglas P. Horton, Erica L. Menard

Request:
With regard to the "cost per pole to replace" figure identified in CONFIDENTIAL Attachment Staff 1-032 WATERMARKED ("pole purchase model"), tab O&M Activity, used to estimate the capital additions associated with the Consolidated acquired poles identified as failing inspection in year 1 of the model:

(a) Please state whether Eversource has taken into consideration the negative net salvage (salvage less cost of removal) associated with the removal of the identified number of failed Consolidated poles.

(b) If the answer to 3-01 (a) above is yes, please describe how the negative net salvage was considered, and identify the specific tab and line in the pole purchase model in which it was accounted for.

(c) Please provide Eversource's estimate of the negative net salvage associated with the failed poles on a per pole basis.

(d) Please explain how the figure identified as the "gross write-off" associated with the failed poles is taken into consideration in the pole purchase model.

(e) To the extent there is any additional rationale other than as explained at the June 24, 2021 Technical Session, that it was a negotiated amount, for the shortfall between the estimated capital additions associated with the Consolidated failed poles in year 1 of the model based on the "cost per pole to replace" figure and the reduction to the gross purchase price as identified on page 2 of the Joint Petition to Approve Pole Asset Transfer, please provide that rationale.

Response:

a. Eversource has taken into consideration cost of removal and salvage in the model. See the response to part b. below.

b. The $[redacted] "cost to replace" per pole used to calculate the year 1 capital additions on the "O&M and capital activity" tab included $[redacted] per pole for cost of removal. A salvage estimate was not included in the "cost to replace" per pole. Based on historical net salvage data provided in the PSNH Distribution Rate Case, Docket No. DE 19-057, gross salvage cost is much smaller than cost of removal.

In addition, both cost of removal and salvage are both included in the last approved regulatory depreciation rate of 3.59% for Account 364 (as provided in Docket No. DE 19-057, Final Revenue Requirement filed 1/22/2021, Bates page 70) so both are included in the return of these components within the depreciation line of the incremental revenue requirement tab of the pole purchase model. The components of the last approved regulatory depreciation rate are:

Life (53 years)	1.89%
Cost of Removal	1.89%
Salvage	(0.19)%
Depreciation Rate	3.59%

c. The recovery of cost of removal associated with the [redacted] failed poles in year 1 is estimated at $[redacted] per pole.

d. The "gross write off" associated with the failed poles is embedded in the $[redacted] purchase price in the pole purchase model:

2,310 poles x negotiated $[redacted] replacement cost per pole = $[redacted] credit in the purchase price

The $[redacted] purchase price is reflected in rate base in year 0 on the incremental revenue requirement tab and in year 1 of the the gross investment plant on the attachment model data tab.

e. The $[redacted] replacement cost is a blend of the average Eversource and Consolidated replacement cost per pole, which can vary on a pole by pole basis.