Request from: New England Cable and Telecommunications Association Inc

Witness: Horton, Douglas P

Request:

Referring to Exhibit 68 (Response to Record Request 001):

Regarding the amounts of unpaid maintenance trimming expenses and unpaid storm related expenses that were billed/tracked as the responsibility of Consolidated, for each amount please state whether the identified amounts have been booked, or will be booked, to Eversource's Account 593 FERC account and included in amounts recovered through pole attachment rates.

Response:

The amounts of unpaid maintenance tree trimming expenses and unpaid storm related expenses are legitimate costs incurred by the Company to maintain the Overhead Lines to the distribution system and therefore are properly reflected in FERC Account 593 ("Maintenance on Overhead Lines"). As these amounts are reimbursed from Consolidated, those credits/cash payments will flow back through FERC Account 593 as a reduction to the costs incurred, negating any costs the Company has recorded. Those amounts for which the Company receives reimbursement from Consolidated are not included in amounts used to calculate the pole attachment rates.

Request from: New England Cable and Telecommunications Association Inc

Witness: Horton, Douglas P

Request:

Referring to Exhibit 70 Confidential (Response to Record Request 003), Tab labeled "Attachment Revenue Model Data":

a. For each of the projected rate years shown in the Tab labeled "Attachment Revenue Model Data," please identify the basis of the change in the model inputs between the version relied on in Hearing Exhibit 9 (Eversource's November 15, 2021 Testimony) and the version presented in Ex. 70 (Confidential) for the following Rows: 10, 12-17, 19, 20, 22, 23, 25, 27-30, 32, 34.
b. Regarding Row 32 (depreciation rate), please explain why the depreciation rate in Ex. 70 (Confidential) is lower than the rate identified in Hearing Exhibit 9, p. 8, footnote 1.
c. Regarding Rows 27-30 (accumulated deferred income taxes "ADIT"):

    1. Please confirm that the amounts shown include excess accumulated deferred income taxes for both the purchased poles and the jointly owned poles.
    2. If the answer to the previous question is yes/confirmed, please confirm that the amounts shown across the projected rate years for ADIT incorporate the reductions in excess ADIT associated with each rate year period's amortization of excess ADIT. If the answer to the previous question is no/not confirmed, please explain why.

d. Regarding Row 22 (Account 593 maintenance): Please clarify whether the amounts shown reflect vegetation management fees owed from Consolidated.

Response:

a. The starting balances for each of the rows have been updated to reflect the amounts shown in the Company's 2020 FERC Form 1 data. The starting balances for each of the rows in the previous version were from the Company's 2018 FERC Form 1 data.

b. The footnote found on Page 8 of Hearing Exhibit 9 states "Depreciation rate for Plant Account 364 Poles, Towers and Fixtures is 3.59% as filed in Docket No. DE 19-057, Updated Revenue Requirement filed 1/22/2021."

   The depreciation rate of 3.19% used in the pole attachment rate calculation was updated to reflect the rate shown in the Company's 2020 FERC Form 1 data. This figure can be found on Page 337 Col. E, Row 26. This lower rate is used to "estimate depreciation charges" as per the title of the page of the FERC Form 1 where the rate is found.

c. The amounts shown do not include excess accumulated deferred income taxes (EDIT). There is no associated ADIT or EDIT with the pending pole purchase transaction. The acquisition of an asset only brings on the value of the assets acquired. Eversource will not be assuming any tax obligations on the transfer, and therefore there are no associated deferred income taxes with the pending purchase. Eversource did not make an explicit adjustment for EDIT to the pole attachment rate calculation. For further information, please see the Company's response to Data Request NECTA TS 1-009, parts 1, 2 and 3.

d. Regarding Row 22 (Account 593 maintenance), for years 1 and 2, which are based on the 2020 FERC Form 1 data, the amounts reflect vegetation management costs incurred for that period, some of which was billed to Consolidated and was not reimbursed. For further information, please see the Company's response to Data Request NECTA 1-001. For years 3 and beyond, the assumption is there are no vegetation management fees owed from Consolidated and FERC Account 593 has been normalized to reflect all vegetation management costs expected to be incurred by Eversource for both existing poles and newly acquired poles.

Request from: New England Cable and Telecommunications Association Inc

Witness: Horton, Douglas P

Request:

Referring to Exhibit 70 Confidential (Response to Record Request 003), Tab labeled "Attachment rate and rev model:"

a. Please confirm, or in the alternative explain why it is not the case, that the amounts of "Incremental revenue from third party" shown on Rows 141 and 146 and derived using the "Uniform Rate" shown on Row 137, are the basis of the higher revised amount of "Pole Attachment Revenues from Third Party excluding CCI" shown on Row 34 of the tab labeled "Incremental Revenue Req" for purposes of estimating the PPAM as compared to the corresponding values shown in Eversource's November 15, 2021 Testimony.
b. Please explain why the higher updated "Uniform Rate" based on Eversource's updated FERC data is applied to poles jointly owned with Consolidated rather than the current Consolidated contractual rate for years 1-3, given statements by Eversource that it would continue to bill third parties at the current Consolidated contractual rate?
c. Please explain why the revised model extends the higher "Uniform Rate" through the 2024 rate year as compared to the model relied on in Hearing Exhibit 9 and the Response to Staff 1-032 which transitioned to a lower integrated rate for the transferred and jointly owned poles as of the 2023 rate year.
d. Please confirm, or in the alternative explain why it is not the case, that the pole attachment charges in years 1-2 applied to "CCI as Attacher" continue to be limited to the negotiated capped amount shown in the "Incr Revenue Req" Tab, Row 36, notwithstanding the calculation shown in Row 158 of the Attachment rate and rev model," tab which applies the same "Uniform Rate" to "CCI as Attacher" as applied to "Third Party Excluding CCI."
e. Referring to Rows 144 and 150, explain the use of different assumptions regarding the # of attachments per pole for CCI solely owned poles in Row 144 from the # of attachments for Joint-only owned in Row 150.
f. Please explain the meaning and derivation of the amount shown on Row 139, "(Current Full Year pole attachment revenue JO if CCI does not pay the veg mgt fee)".

g. Referring to the "space factor" on Row 122, please confirm the following statements, or in the alternative, explain why the statement is incorrect:

   1. The identified space factor is derived is based on an assumption of an average pole height of 37.5 feet;
   2. If Eversource had used a higher average pole height than 37.5 feet was used for the modelled years, the identified space factor would be lower;
   3. Pole heights for joint use poles have been increasing over time to heights in the 40 to 45 foot range;
   4. The planned average pole height for replacement poles for the modelled years pursuant to current Eversource construction guidelines is greater than 37.5 feet:
   5. Inspection reports provided in response to Staff 3-005b provide data on pole height for inspected poles that show an average pole height greater than 37.5 feet for inspected poles.

Response:

a. Yes. Row 141 and Row 146 (derived using the "Uniform Rate" shown on Row 137) are the basis of the higher revised amount of "Pole Attachment Revenues from Third Party excluding CCI" for the purpose of estimating the PPAM.

b. The Company created the pole purchase model prior to obtaining the rates charged by CCI. In the Company's response to Data Request RR-003 (Exhibit 70), the original purchase model was updated to reflect the Company's revised cost recovery proposal and to reflect pole attachment rates currently in effect. The resulting illustrative calculation of revenues shown demonstrate how the recovery proposal would operate.

   As stated in testimony and in responses to data requests, Eversource will charge the CCI jointly owned rate and the Eversource jointly owned rate for these purchased poles until the purchase is reported in the Company's FERC Form 1 and the rates for both companies are consolidated.

   Please see Attachment NECTA 1-003(a) for a comparison of the revenues using CCI's jointly owned rate versus Eversource's jointly owned rate over the first two years of the transaction. The Company's expectation is that the CCI and Eversource rates would be consolidated in Year 3, therefore there is no rate differential.

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c. The impact of the pole purchase on pole attachment rates is subject to a lag period of two years. The pole purchase, if approved in 2022, would impact the 2022 FERC Form 1 information, which would then be the basis for the Company's 2024 pole attachment rate.

   Please see Attachments NECTA 1-003(b) and NECTA 1-003(c), which are copies of the Company's responses to Data Requests TS 1-007 and NECTA 2-007, respectively. The Company explained in these data responses how the pole attachment rates would be affected by the purchase.

d. The pole attachment charges assessed to CCI in years 1 and 2 continue to be limited to the negotiated amount of $5M per year shown in the "Incr Revenue Req" tab on Row 36, Year 1 and Year 2.

e. Please see Attachment NECTA 1-003(d), which is a copy of the Company's response to Data Request TS 1-010.

f. This line in the pole purchase model was not used in any calculations. The description should have been deleted from the file.

g.

   1. Yes. The space factor is calculated using 37.5 feet for pole height, a figure that was agreed upon in the 2012 pole attachment rate settlement approved in DT 12-084. This figure is the same average that was created and used by the FCC in its Telecom rate formulas.

   2. The space factor in the Unified Pole Rent Formula is calculated as follows:

$$\text{Space Factor} = \frac{\text{Space Occupied} + \left[\dfrac{2/3 \times \text{Unusable Space}}{\text{No. of Attaching Entities}}\right]}{\text{Pole Height}}$$

$$= \frac{1 + \left[\dfrac{2/3 \times 24}{2.7}\right]}{37.5} = 0.1847$$

If Eversource had calculated the Space Factor in the Unified Pole Rent Formula using a pole height smaller than the settlement figure of 37.5 feet, holding all other inputs constant, the resultant Space Factor would be higher.

If Eversource had calculated the Space Factor in the Unified Pole Rent Formula using a pole height larger than settlement figure of 37.5 feet, holding all other inputs constant, the resultant Space Factor would be lower.

3. Although Eversource's standards may have changed over time and the Company purchases and installs poles of longer length than it did decades ago, there are still many more Eversource-owned poles that have not been replaced in the past 20 years, for example. The overall average system pole height would not change drastically on a short time scale based on more recent changes to the Company's standards, unless a large enough portion of the total poles in the field were replaced with poles of a longer length.

   The length of pole the Company uses depends on the purpose it is being used for and does not vary solely based on ownership type (i.e., solely owned or jointly owned).

4. The Company installs a distribution pole of a given length to meet minimum clearances for its own facilities and any other non-electric utility equipment attached (if present).

   The minimum lengths are as follows:

   A pole that supports secondary conductor is 35 feet in length.
   A pole that supports single-phase primary facilities is 40 feet in length.
   A pole that supports three-phase primary facilities is 45 feet in length.

   Poles that are below the minimum lengths listed above are replaced with the minimum length. Poles that are taller are replaced with a similar length, unless there is a need for additional space (e.g., third party attachment activity).

5. Pole inspection reports should not be used to calculate an average pole height. The poles were inspected for condition, not to verify pole height figures or take measurements of actual field pole height.

Example of Model vs. Future Billing
(ILLUSTRATIVE PURPOSES ONLY)

Exhibit 70 Methodology (03/15/22)	Year 1 2022	Year 2 2023	Year 3 2024	Total	
# of Attachers	312,704	312,704	312,704		
Uniform Rate	$ 14.17	$ 14.17	$ 10.20		
Total PA Revenues	$ 4,432,059	$ 4,432,059	$ 3,189,773		
Current Full Year PA Revenues JO*	$ 1,900,000	$ 1,900,000	$ 1,900,000		
Incremental revenue from third party excluding CCI	$ 2,532,059	$ 2,532,059	$ 1,289,773	$ 6,353,891	A
NECTA 1-003 Methodology (04/01/22)					
JO Pole Revenue - PSNH Rate					
# of Attachers	312,704	312,704	312,704		
PSNH JO Rate	$ 7.09	$ 7.09	$ 5.10		
PSNH JO Revenue	$ 2,216,029	$ 2,216,029	$ 1,594,887		
JO Pole Revenue - CCI Rate					
# of Attachers**	255,520	255,520	312,704		
CCI JO Rate	$ 6.84	$ 6.84	$ 5.10		
CCI JO Revenue	$ 1,747,757	$ 1,747,757	$ 1,594,887		
Total Revenue	$ 3,963,786	$ 3,963,786	$ 3,189,773		
Current Full Year PA Revenues JO*	$ 1,900,000	$ 1,900,000	$ 1,900,000		
Incremental revenue from third party excluding CCI	$ 2,063,786	$ 2,063,786	$ 1,289,773	$ 5,417,346	B
Difference	$ (468,273)	$ (468,273)	$ -	$ (936,545)	B-A

* Based on 2018 historic attachments & rates
** Per CCI - 2018 billing information

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

Date Request Received: 05/13/2021 Date of Response: 05/27/2021
Request No. TS 1-007 Page 1 of 1
Request from: New Hampshire Public Utilities Commission Staff

Witness: Douglas P. Horton, Erica L. Menard

Request:
Reference Joint Petitioners' Response NECTA 1-006(c), which states "the pole attachments agreements currently in effect will transfer to Eversource upon closing of the transaction, including rates currently authorized under those agreements. Rates would only change under those agreements in the manner in which those agreements prescribe. Any change to rates would occur in the future and follow the terms of the contracts in effect, as is the case today."
a. Please describe the pole attachment rate change process that CCI or its predecessors have generally included in their third party attachment agreements, including what requirements are placed upon CCI or its predecessors before it can propose a change in attachment rates.
b. If the proposed asset transfer were approved, would Eversource charge two different attachment fees for a single attachment, one pursuant to the CCI agreements, and one pursuant to the Unified Pole Rent formula determined in DT 12-084? Please explain.
c. If the proposed asset transfer were approved, would Eversource charge the solely owned pole rate to those attachers who were previously attached to poles jointly owned by Eversource and CCI. Please explain.
d. Please state whether the jointly owned rate or solely owned rate was used for determining expected revenues for the purposes of calculating the 2023 pole attachment revenues in DPH/ELM-1.
e. Reference Petitioenrs' Response NECTA 1-036, stating Eversource plans to issue two invoices to third party attachers, "until such time that the rates are consolidated for FY 2023." Please explain why rates are consolidated in year three, rather than year one, year two, or year four.

Response:
a. Consolidated Communications does not have a formal pole attachment rate change process, other than as defined in the pole attachment agreements. Most, if not all, pole attachment agreements allow the pole owner to change the attachment rates with sixty (60) days prior written notice to the attaching entity. These terms typically are found in Article III of the pole attachment agreements.
b. Correct - if the proposed asset transfer was approved, Eversource would bill attachers in first two years following the transaction in the following manner:
   - <u>For an attachment on a pole that was previously solely owned by CCI</u> - Eversource would bill the CCI solely owned pole attachment rate.
   - <u>For an attachment on a pole that was previously jointly owned by CCI and Eversource</u> - Eversource would bill the CCI jointly owned pole attachment rate and the Eversource jointly owned pole attachment rate.
c. No. As explained in the Company's response to part b, Eversource would bill the CCI jointly owned pole attachment rate (currently \$6.84) and the then current Eversource jointly owned pole attachment rate (currently \$6.75) for an attachment on a pole that was previously jointly owned between Eversource and CCI (a total of \$13.59 based on Eversource's current rate) until the pole attachment rates are consolidated in Year 3. The \$13.59 rate is what an attacher is currently being billed for an attachment to a jointly owned pole. By continuing to bill both the CCI and Eversource jointly owned pole attachment rates, third party attachers would not see an immediate bill impact as a result of the ownership change. If Eversource began billing its solely owned pole attachment rate (currently \$13.50) for all poles at the date of the

transaction closing, there would be a rate increase ($1.83 per attachment) for those attachments on poles previously solely owned by CCI and a rate decrease ($0.09 per attachment) for those attachments on poles previously jointly owned by CCI and Eversource. The intent was to separate the transaction from any bill impacts arising purely from the ownership change in an attempt to keep the transaction as straightforward as possible.

d. The solely owned pole attachment rate was used for determining expected revenues for the purpose of calculating the 2023 pole attachment revenues in Attachment DPH/ELM-1. This is when Eversource anticipates the rate consolidation would occur.

e. As explained in the Company's response to part c, some attachments would be billed a higher rate or a lower rate if the rates were consolidated prior to the financial impacts of the transaction appearing in Eversource's FERC Form 1 data, which is used to calculate the pole attachment rates. In Year 3, the rates would decrease (all else equal) for all types of attachments. This creates the situation where conflicting rate impacts (some attachments experiencing a rate increase, while others experience a rate decrease) are eliminated.

Year 3 Rates when Consolidated in Year 3			
	Current 2021 Rates	Consolidated Rate*	Difference
Solely Owned Pole (Previously Owned by CCI)	$11.67	$8.94	($2.73)
Jointly Owned Pole (Previously Jointly Owned by CCI & Eversource	$13.59	$8.94	($4.65)
Solely Owned Pole (Owned by Eversource)	$13.50	$8.94	($4.56)

Waiting until Year 4 to consolidate the rates would create a large discrepancy between the rates that Eversource would be billing for Year 3. Year 3 rates (based on the model) would be as follows:

Year 3 Rates when Consolidated in Year 4			
	CCI Rate	ES Rate	Total
Solely Owned Pole (Previously Owned by CCI)	$11.67	N/A	$11.67
Jointly Owned Pole (Previously Jointly Owned by CCI & Eversource	$6.84	$4.47	$11.31
Solely Owned Pole (Owned by Eversource)	N/A	$8.94	$8.94

As shown above, Eversource would be billing attachments on former jointly owned poles over $2 more per pole, per year than attachments on poles solely owned by Eversource prior to the transaction.

* The "Consolidated Rate" is from the Company's transaction model and may differ based on other external factors.

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

Date Request Received: 06/03/2021 | Date of Response: 06/17/2021
Request No. NECTA 2-007 | Page 1 of 1
Request from: New England Cable and Telecommunications

Witness: Douglas P. Horton, Erica L. Menard

Request:
The response to Staff TS 1-007(e) (asking “why rates are consolidated in year three, rather than year one, year two, or year four,”) does not appear to answer the question for years one and year two. Please provide the requested answers specific to years one and two, i.e., why rates are not charged on a consolidated basis in those years. Please note this is a different question than answered in part (c) which compares the Eversource solely owned and jointly owned rate with the Consolidated solely owned and jointly owned rates prior to cost consolidation, whereas part (e) (to NECTA’s reading) is asking about the rate calculated based on the consolidation of Consolidated and Eversource’s costs.

Response:
Eversource's response to STAFF TS 1-007(e) explained that the reason why pole attachment rates were not contemplated to be consolidated in years 1 and 2 is because the Company's FERC Form 1 report (the source data used to calculate the pole attachment rates) won't reflect the impact of the transaction until year 3, due to the timing of when rates are calculated.

Under the Company’s approach, the rates being charged to all attachments will remain unchanged with respect to the transaction, until such time where all attachment rates (i.e., the Eversource attachment rates and the Consolidated attachment rates) would adjust to reflect the impacts of the transaction, and the costs recorded on Eversource’s books, under Eversource’s ownership. Consolidating the rates prior to that point would create situations where certain attachments would be billed higher rates and others would be billed lower rates as a result of the poles changing ownership.

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

Date Request Received: 05/13/2021
Request No. TS 1-010
Request from: New Hampshire Public Utilities Commission Staff

Date of Response: 05/27/2021
Page 1 of 1

Witness: Douglas P. Horton, Erica L. Menard

Request:

Reference Joint Petitioners' Response NECTA 1-030(c), describing the assumption of 2.529 attachments per solely owned transferred pole and 1.175 attachment per jointly owned transferred pole. Please explain the basis for the assumption that the jointly owned poles would on average have less than half the attachments of the solely owned poles.

Response:

In preparing the response to this data request, it was determined that the assumption of 2.529 estimated number of attachments per solely owned transferred pole was overstated as that number included Eversource as an attacher. The Company's model should have assumed 1.529 attachments which removes the Eversource attachments and includes only Consolidated and other third party attachments. Reducing the number of estimated attachments on solely owned poles would decrease the modeled revenues by approximately $48,000 annually.

The 1.175 attachments per jointly owned transferred pole is the agreed upon average number of Consolidated attachments on joint owned poles. This average does not include third party attachments. The average number of non-Eversource attachments per jointly owned transferred pole, including third party attachments, is 2.09. This is calculated by adding the third party attachments on joint owned poles (312,704) to the assumed average of Consolidated attachments on joint owned poles (1.175 average x 343,098 poles = 403,140 attachments) and dividing the sum of the number of third-party attachments by the number of jointly owned poles ((403,140 + 312,704) / 343,098).

Using the revised assumptions and including the assumed Consolidated attachments, the third party attachments on solely owned poles of 1.529 compares to 2.09 third party attachments on jointly owned poles.

Request from: New England Cable and Telecommunications Association Inc

Witness: Horton, Douglas P

Request:

Referring to Exhibit 70 Confidential (Response to Record Request 003), Tab labeled "Incr Revenue Req:"
Please confirm, or in the alternative explain why it is not the case, that the increases in the Pole Attach. (PA) Revenues" shown in the "Incr Revenue Req" tab at Row 34 for years 1 and 2 in Ex. 70 as compared to the comparable figures in Hearing Ex. 9 result from Eversource's proposed application of the higher revised "Uniform Rate" to all 3rd party pole attachments including those on the purchased poles and jointly owned poles.

Response:

The increases in pole attachment revenues shown in the "Incr Revenue Req" tab at Row 34 (Year 1 and Year 2) are calculations that result from the application of the higher revised "Uniform Rate" of 14.17, as compared to 12.38, to third-party pole attachments on all purchased poles, both solely and jointly owned.

The Company notes that the analysis presented in Exhibit 70 represents an illustrative presentation of the incremental costs (and revenues) associated with the CCI acquisition that would be incurred (or collected) by Eversource, after the close of the transaction. The actual pole attachment rates in place in a given year will be different, based on then current information, as approved by the Commission from time to time.