

**THE STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION**

**PREPARED TESTIMONY OF ERICA L. MENARD and JENNIFER A. ULLRAM**

**REGULATORY RECONCILIATION ADJUSTMENT RATE**

**RATE EFFECTIVE AUGUST 1, 2021**

**Docket No. DE 21-029**

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1 **Q. Ms. Menard, please state your name, business address and position.**

2 A. My name is Erica L. Menard. My business address is 780 North Commercial Street,  
3 Manchester, NH. I am employed by Eversource Energy Service Company as the  
4 Manager of New Hampshire Revenue Requirements and in that position, I provide  
5 service to Public Service Company of New Hampshire d/b/a Eversource Energy  
6 (“PSNH”, “Eversource” or the “Company”).

7 **Q. Have you previously testified before the Commission?**

8 A. Yes.

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

10 A. I am currently responsible for the coordination and implementation of revenue  
11 requirements calculations for Eversource, as well as the filings associated with  
12 Eversource’s Energy Service (“ES”) rate, Stranded Cost Recovery Charge (“SCRC”),  
13 Transmission Cost Adjustment Mechanism (“TCAM”), System Benefits Charge  
14 (“SBC”), Regulatory Reconciliation Adjustment (“RRA”) mechanism and Distribution  
15 Rates.

1 **Q. Ms. Ullram, please state your name, business address and position.**

2 A. My name is Jennifer A. Ullram. My business address is 107 Selden Street, Berlin,  
3 Connecticut. I am employed by Eversource Energy Service Company as the Manager of  
4 Rates.

5 **Q. What are your principal responsibilities in this position?**

6 A. As the Manager of Rates, I am responsible for activities related to rate design, cost of  
7 service and rates administration for Connecticut and New Hampshire electric and gas  
8 subsidiaries of Eversource Energy, including the Company.

9 **Q. Ms. Menard, what is the purpose of your testimony?**

10 A. The purpose of my testimony is to explain the various cost elements included in the  
11 Company's first annual Regulatory Reconciliation Adjustment ("RRA"). On December  
12 15, 2020, the Commission issued Order No. 26,433 approving the comprehensive  
13 Settlement Agreement ("Settlement") filed on October 9, 2020 in the Company's Docket  
14 No. DE 19-057 base distribution rate case. Pursuant to Section 9 of the Settlement<sup>1</sup> and  
15 Order No. 26,433, the Company filed on March 1, 2021 the reports of its reliability  
16 statistics, vegetation management activities and a request of the Commission to open a  
17 docket to implement the Company's RRA to allow for the recovery or refund to  
18 customers of the costs reflected in the RRA revenue requirement identified in  
19 Attachments ELM/JAU-1 to ELM/JAU-6. Those elements are described below:

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<sup>1</sup> Settlement, Bates pages 14-17

- 1 a. Regulatory Commission annual assessments and consultants hired or  
2 retained by the Commission and Office of Consumer Advocate (“OCA”).  
3 In accordance with RSA 363-A:6, amounts above or below the total  
4 Commission assessment, less amounts charged to Base Distribution and  
5 Default Energy Service rates, shall be recovered or refunded through the  
6 RRA.
- 7 b. Vegetation Management Program (“VMP”) variances described in Section  
8 6 of the Settlement<sup>2</sup> shall include the calendar year over- or under-  
9 collection from the Company’s VMP.
- 10 c. Property tax expenses and related over- under-recoveries as compared to  
11 the amount of property tax expense in base distribution rates and  
12 consistent with RSA 72:8-e, shall be adjusted annually through the RRA.
- 13 d. Lost-base distribution revenues associated with net metering, calculated  
14 consistent with RSA 362-A:9, VII and the Commission’s approved Docket  
15 No. DE 16-576 method in Order No. 26,029 (June 23, 2017), is the  
16 amount of lost base distribution revenue based on the cumulative net  
17 metering installations beginning January 1, 2019 and going forward. The  
18 RRA will recover lost-base distribution revenues associated with net  
19 metering beginning as of January 1, 2019.
- 20 e. Storm cost amortization final reconciliation and annual reconciliation  
21 updated for actual cost of long-term date for storm costs through

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<sup>2</sup> Settlement, Bates pages 11-12

1 December 31, 2018. As of August 1, 2019, the Company began to (i)  
2 amortize the storm costs through 2018 over five years through July 31,  
3 2024; and (ii) apply a carrying charge to the unamortized balance of those  
4 storms equal to its embedded cost of long-term debt. On an annual basis  
5 through July 31, 2024, the RRA will reconcile the storm cost amortization  
6 amount to adjust for the Company's actual cost of long-term debt interest  
7 rate as filed in the Company's Form F-1 on a quarterly basis.

8 **Q. Ms. Ullram, what is the purpose of your testimony?**

9 A. As described by Ms. Menard in part d. above regarding Lost-base distribution revenues  
10 associated with net metering, I describe and support the Company's calculation of lost-  
11 base distribution revenues associated with net metering in separate testimony and  
12 attachments in compliance with the method prescribed in RSA 362-A:9, VII and  
13 approved by the Commission in Order No. 26,029. The detailed calculation of lost-base  
14 distribution revenues associated with net metering beginning January 1, 2019 is provided  
15 in Attachments JAU-1 to JAU-6.

16 In addition, the Company has prepared bill impacts and tariff changes reflecting the  
17 proposed RRA revenue requirement and rate presented here. The bill impacts and tariff  
18 changes encompassing all rate changes are provided in Attachments ELM/JAU-7 and  
19 ELM/JAU-8.

1 **Q. Has the proposed RRA rate been calculated consistent with the Settlement and**  
2 **Commission Order No. 26,433 approved in Docket No. DE 19-057?**

3 A. Yes, the proposed RRA rate has been prepared consistent with the terms of Section 6 and  
4 Section 9 of the approved Docket No. DE 19-057 Settlement.

5 **Q. Please summarize the Company's request.**

6 A. Eversource's calculation of the average RRA rate for effect August 1, 2021 results in an  
7 overall credit of (0.012) cents/kWh. As described in more detail in testimony below, the  
8 overall credit is largely driven by an over recovery of vegetation management program  
9 expenses and storm cost amortization offset by under recoveries in property tax expense,  
10 regulatory assessment and consultant expenses, and lost base revenue due to net  
11 metering.

12 **Q. Please describe the components of the RRA and their application to this rate**  
13 **request.**

14 A. The RRA allows the recovery or refund of certain costs under the Settlement terms as  
15 agreed to and approved by the Commission in Order No. 26,433, as noted above. RRA  
16 costs calculated and proposed for recovery or refund in this proceeding include the  
17 following:

18 1. Attachment ELM/JAU-1 is a two-page exhibit that summarizes the five  
19 recoverable components of the RRA mechanism. Page 1 calculates the overall  
20 RRA revenue requirement and proposed average rate of (0.012) cents per  
21 kilowatt-hour (kWh). Page 2 reflects the estimated recovery and reconciliation of

1 the overall RRA mechanism for the period August 1, 2021 to July 31, 2022.

2 Attachments ELM/JAU-2 through 6 detail the specific components of the RRA  
3 that comprise the total average rate credit of (0.012) cents per kWh, as follows.

- 4 2. Attachment ELM/JAU-2 is a five-page exhibit that identifies the cost of  
5 Regulatory Commission annual assessments and consultants hired or retained by  
6 the Commission and OCA to be recovered or refunded through the RRA  
7 mechanism. Page 1 calculates the average RRA rate of 0.006 cents per kWh for  
8 the portion of the RRA based on the cost of Regulatory Commission annual  
9 assessments and consultants hired or retained by the Commission and OCA in  
10 excess of what is included in Docket No. DE 19-057 base distribution rates in  
11 accordance with Section 9.1(a) of the Settlement and Order No. 26,433. As  
12 shown on Page 1, the total under-collection of Regulatory Commission annual  
13 assessments and consultants hired or retained by the Commission and OCA as  
14 compared to amounts in base rates is \$468 thousand dollars, reflecting the  
15 difference in expenses and recoveries through base rates over the period January,  
16 2019, through December 2020, as presented on pages 3 and 4 of this exhibit.  
17 Page 2 projects the monthly recovery and reconciliation of the \$468 thousand net  
18 under recover through December 2020 over the period August 1, 2021 to July 31,  
19 2022, the period time during which the RRA is proposed to be in effect. Pages 3  
20 and 4 reflect the revenue requirement of the Regulatory Commission annual  
21 assessments and consultants hired or retained by the Commission and OCA, in  
22 excess of what was included in base distribution rates for the period January 1,

1 2019 to December 31, 2020. Page 5 provides a listing of invoices of the quarterly  
2 NH PUC assessments and consultants hired or retained by the Commission and  
3 OCA for the various regulatory initiatives over the January 1, 2019 to December  
4 31, 2020 time period.

5 3. Attachment ELM/JAU-3 is a three-page exhibit that identifies the cost of the  
6 Vegetation Management Program (“VMP”) to be recovered or refunded through  
7 the RRA mechanism. Page 1 calculates the average RRA rate of (0.045) cents per  
8 kWh for the portion of the RRA based on the cost of the VMP in accordance with  
9 Section 6 and Section 9.1(b) of the Settlement and Order No. 26,433. Page 2  
10 projects the monthly revenues (in this case, a credit to customers) of the over-  
11 recovery associated with the VMP of (\$3,482) thousand over the period August 1,  
12 2021 to July 31, 2022, the period time during which the RRA is proposed to be in  
13 effect. Page 3 reflects the reconciliation of actual revenues (recovered through  
14 base rates) to expenses for the period July 1, 2020 to December 31, 2020, to be  
15 returned to customers as part of this process.

16 4. Attachment ELM/JAU-4 is a three-page exhibit that identifies the cost of Property  
17 Taxes to be recovered or refunded through the RRA mechanism as compared to  
18 the amount in base rates. Page 1 calculates the average RRA rate of 0.027 cents  
19 per kWh for the portion of the RRA based on the cost of Property Taxes in excess  
20 of what is included in base distribution rates in accordance with Section 9.1(c) of  
21 the Settlement and Order No. 26,433. Page 2 projects the monthly revenues of  
22 the under-recovery associated with the Property Taxes of \$2,041 thousand over

1 the period August 1, 2021 to July 31, 2022, the period of time during which the  
2 RRA is proposed to be in effect. Page 3 reflects the reconciliation of actual  
3 revenues (recovered through base rates) to expenses for the period January 1,  
4 2020 to December 31, 2020, to be recovered from customers as part of this  
5 process.

6 5. Attachment ELM/JAU-5 is a four-page exhibit that identifies the cost of the Lost  
7 Base Revenue (“LBR”) due to Net Metering to be recovered or refunded through  
8 the RRA mechanism. Page 1 calculates the average RRA rate of 0.004 cents per  
9 kWh for the portion of the RRA based on the cost of the LBR due to Net  
10 Metering in accordance with Section 9.1(d) of the Settlement and Order No.  
11 26,433. Page 2 projects the monthly revenues to recover the under-recovery  
12 associated with the LBR due to Net Metering of \$290 thousand over the period  
13 August 1, 2021 to July 31, 2022, the period of time during which the RRA is  
14 proposed to be in effect. Pages 3 and 4 reflect the reconciliation of actual  
15 revenues (recovered through base rates) to expenses for the period January 1,  
16 2019 to December 31, 2020, to be recovered from customers as part of this  
17 process.

18 6. Attachment ELM/JAU-6 is a five-page exhibit that identifies the cost of Storm  
19 Cost amortization to be recovered or refunded through the RRA mechanism.  
20 Page 1 calculates the average RRA rate of (0.003) cents per kWh for the portion  
21 of the RRA based on the cost of Storm Cost amortization in accordance with  
22 Section 9.1(e) of the Settlement and Order No. 26,433. Page 2 projects the



1 estimated revenues (in this case, a credit) of the over-recovery associated with the  
2 Storm Cost amortization of (\$233) thousand for the period August 1, 2021 to July  
3 31, 2022, the period of time during which the RRA is proposed to be in effect.

4 Pages 3 and 4 reflect the reconciliation of actual revenues (recovered through base  
5 rates) to expenses for the period August 1, 2019 to December 31, 2020, to be  
6 refunded to customers as part of this process. Page 5 provides a listing of the  
7 Storm Cost amortization reconciliation by month based on the actual cost of long-  
8 term debt as calculated per the Company's quarterly Form F-1.

9 7. Attachment ELM/JAU-7 is an 8-page exhibit that calculates the rates by rate class  
10 and provides the Rate R bill impacts due to the proposed RRA rate change.

11 8. Attachment ELM/JAU-8 is a 32-page exhibit that reflects the tariff changes due to  
12 the proposed RRA rate adjustments.

13 **Q. Please describe how the average RRA rate is calculated.**

A. Attachments ELM/JAU-1 to ELM/JAU-6 provide calculations of the over or under-recoveries for the individual components within the RRA rate mechanism. The RRA rate is an average rate based on the total over and under-recoveries of the RRA components through December 31, 2020 in accordance with Section 9.1 of the Settlement and Order No. 26,433. The table below provides the rate calculation for each component of the RRA, however the actual RRA rate is an average rate for all components in the RRA.

<b>Cost Category</b>	<b>Current Rate (cents/kWh)</b>	<b>Proposed Rate (cents/kWh)</b>
Regulatory Assessments/PUC and OCA Consultants	NA	0.006
Vegetation Management Program (VMP)	NA	(0.045)
Property Tax Expense	NA	0.027
LBR due to Net Metering	NA	0.004
Storm Cost Amortization Reconciliation	NA	(0.003)
Total Average RRA	NA	(0.012)

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2 **Regulatory Assessments/Commission and OCA Consultant Expenses**

3 **Q. Please describe the detailed support for the calculation of the Regulatory**

4 **Assessments/Commission and OCA Consultant costs included on pages 2 to 4 of**

5 **Attachment ELM/JAU-2.**

6 **A.** Per the Commission’s Order No. 26,433 issued on December 15, 2020 approving the

7 settlement agreement in Docket No. DE 19-057, to comply with the intent of Section

8 9.1(a) of the settlement agreement, the Company has prepared Attachment ELM/JAU-2

9 to recover or refund the Regulatory Assessments/Commission and OCA Consultant Costs

10 through the RRA. Section 9.1(a) of the settlement agreement states the following, with

11 emphasis added:

12 Regulatory Commission annual assessments and consultants hired or retained by  
 13 the Commission and OCA. In accordance with RSA 363-A:6, amounts above or  
 14 below the total Commission assessment, less amounts charged to base distribution  
 15 and default Energy Service, shall be recovered through the RRA. The amount in  
 16 base distribution rates pertaining to Commission assessments is \$5,220,056  
 17 reflecting the fiscal year 2020 assessment to PSNH and excludes \$10,000 which  
 18 is to be recovered through the default Energy Service rate per Docket No. DE 14-  
 19 238 and RSA 363-A:2, III. Additionally, legal and consulting outside service  
 20 charges related to Commission approved special assessments assessed by the  
 21 Commission to the Company for the expenses of experts employed by the  
 22 Commission, Staff, and OCA pursuant to the provisions of RSA 365:37, II, RSA  
 23 365:38-a, and RSA 363:28, III shall also be recovered through the RRA. The  
 24 Settling Parties acknowledge that current base distribution rates do not include

1 any costs associated with consultants hired or retained by the Commission, Staff,  
2 and OCA, and any costs incurred within the calendar year shall be included in the  
3 RRA for recovery in the year following the year in which they are incurred. To  
4 the extent any such costs are recovered through another rate or method, they shall  
5 not be recovered through the RRA.

6 Consistent with the Commission's approval of the settlement agreement in Order No,  
7 26,433, Attachment ELM/JAU-2, Pages 3 and 4 reflect the revenue requirement of: (i)  
8 the actual Regulatory Commission annual assessments per book expense compared to the  
9 approved annual Regulatory Commission annual assessments amount included in base  
10 distribution rates, for the period July 1, 2019 to December 31, 2020; and (ii) the actual  
11 Commission and OCA Consultant expenses incurred for the period January 1, 2019 to  
12 December 31, 2020<sup>3</sup>. The total RRA amount of Regulatory Commission regulatory  
13 assessments and Commission/OCA Consultant expenses is approximately \$468 thousand  
14 to be recovered. Attachment ELM/JAU-2, Page 1 reflects that on a stand-alone basis the  
15 average Regulatory Commission regulatory assessments and Commission/OCA  
16 Consultant Cost component rate of 0.006 cents per kWh effective August 1, 2021.

17 **Q. Why does the reconciliation period for NH PUC Regulatory Assessments costs cover**  
18 **the period July 1, 2019 through December 31, 2020?**

19 A. The effect of the permanent rate increase is extended back to the temporary rate period,  
20 or July 1, 2019. Therefore, for the first RRA reconciliation, the over or under recovery  
21 calculation for regulatory assessment costs were captured beginning July 1, 2019. Going  
22 forward, the reconciliation calculation will be performed on a calendar year basis.

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<sup>3</sup> Settlement, Bates page 15

1 **Q. Why does the reconciliation period for NH PUC and OCA consultant costs cover the**  
2 **period January 1, 2019 through December 31, 2020?**

3 A. As indicated in the settlement agreement in Docket No. DE 19-057, base distribution  
4 rates do not include any costs associated with consultants hired or retained by the  
5 Commission, Staff and OCA, and any costs incurred within the calendar year shall be  
6 included in the RRA for recovery in the year following the year in which they are  
7 incurred. This first RRA reconciliation filing incorporates two calendar year periods,  
8 2019 and 2020, for consultant costs to recover any over or under recoveries since the test  
9 year ended December 31, 2018. Consultant costs were not included in any recoupment  
10 calculations. Going forward, the reconciliation calculation will be performed on a  
11 calendar basis.

12 **Vegetation Management Program (VMP) Expenses**

13 **Q. Please describe the detailed support for the calculation of the VMP costs included**  
14 **on pages 2 to 3 of Attachment ELM/JAU-3.**

15 A. Per Order No. 26,433, in addition to the Company's March 1, 2021 filing in this docket,  
16 to comply with the intent of Section 9.1(b) of the Settlement, the Company has prepared  
17 Attachment ELM/JAU-3 to recover or refund the VMP Costs through the RRA. Section  
18 9.1(b) of the Settlement states the following:

19 Vegetation management program variances as described in Section 6 above. The  
20 RRA shall include the calendar year over- or under-collection from the  
21 Company's Vegetation Management Program. The over- or under-collection shall  
22 be credited or charged to the RRA on August 1 of the following year. The  
23 Company may request transfer of unspent amounts to the subsequent year's  
24 Vegetation Management Program budgets. The amount in base rates shall be  
25 \$27.1 million for ETT, Hazard Tree Removal, ROW and SMT programs. The

1 amount to be recovered in the RRA shall be based on the overall vegetation  
2 management program variance for the prior calendar year, rather than variances  
3 for individual activities within the overall program. The first RRA shall recover  
4 any over/under recoveries for the July 1, 2020 – December 31, 2020 vegetation  
5 management program associated with activities related to ETT, Hazard Tree  
6 Removal, and ROW clearing consistent with the expenditures noted in extension  
7 of the Temporary Rates Settlement Agreement as described in the Staff's March  
8 24, 2020 letter in this docket. The first full year of the \$27.1 million total  
9 vegetation management program reconciliation shall begin in the 2021 annual  
10 reconciliation.

11 Consistent with the Settlement, Attachment ELM/JAU-3, Page 3, reflects the actual VMP  
12 per book expense compared to the plan for the period July 1, 2020 to December 31, 2020.  
13 As noted in Mr. Allen's testimony in the March 1, 2021 filing<sup>4</sup>, the RRA amount of VMP  
14 expenses is approximately (\$3,482) thousand to be refunded. As noted by Mr. Allen, this  
15 refund is due to VMP activities falling behind planned levels related primarily to an  
16 uncertain budget for VMP activities for the latter part of 2020 resulting from the delay in  
17 the Docket No. DE 19-057 base rate case schedule and final decision. In addition,  
18 Attachment ELM/JAU-3, Page 1 reflects that on a stand-alone basis the average VMP  
19 Cost component rate is (0.045) cents-per-kWh effective August 1, 2021.

20 **Q. Is the Company requesting a transfer of the unspent amount of (\$3,482) to the 2021**  
21 **vegetation management program budget as allowed by the settlement agreement?**

22 **A.** No. The Company is proposing to refund the unspent amount to customers through this  
23 RRA rate effective August 1, 2021.

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<sup>4</sup> March 1, 2021 filing, Bates page 17

1 **Q. Why does the reconciliation period for Vegetation Management Program costs**  
2 **cover the period August 1, 2020 through December 31, 2020?**

3 A. As described above and outlined in the Docket No. DE 19-057 settlement agreement, the  
4 first RRA filing was a reconciliation of vegetation management program expenses for the  
5 six-month period August 1, 2020 through December 31, 2020. Going forward, vegetation  
6 management program expenses will be reconciled on a calendar year basis.

7 **Property Tax Expense**

8 **Q. Please describe the detailed support for the calculation of the Property Tax expense**  
9 **included on pages 2 to 3 of Attachment ELM/JAU-4.**

10 A. Per Order No. 26,433, to comply with the intent of Section 9.1(c) of the Settlement, the  
11 Company has prepared Attachment ELM/JAU-4 to recover or refund the Property Tax  
12 expense through the RRA. Section 9.1(c) of the Settlement states the following:

13 Property tax expenses, as compared to the amount in base rates. Consistent with  
14 RSA 72:8-e, property tax over- or under-recoveries as compared to the amount in  
15 base distribution rates shall be adjusted annually through the RRA. The amount  
16 included in base distribution rates for property tax expense shall be \$45,186,407  
17 based on property tax expense as of December 2019, normalized to exclude any  
18 credits related to property tax settlement proceeds for tax years preceding the test  
19 year. On an annual basis, actual property tax expense for the prior calendar year  
20 shall be compared against the amount in base rates and any variances will be  
21 reconciled through the RRA mechanism. Annual actual property tax expense shall  
22 be normalized to adjust for any credits received due to abatement settlement  
23 proceeds received for tax years preceding the test year.

24 Consistent with the Commission's approval of the Settlement in Order No, 26,433,  
25 Attachment ELM/JAU-4, Page 3, reflects the comparison of actual Property Tax per book  
26 expense (net of pre-test year abatements and other related expenses) for the period

1 January 1, 2020 to December 31, 2020, to the approved Settlement amount in base  
2 distribution rates. The RRA recoverable amount of Property Tax expense is  
3 approximately \$2,041 thousand. In addition, Attachment ELM/JAU-4, Page 1 reflects  
4 that on a stand-alone basis the average Property Tax expense component rate is 0.027  
5 cents-per-kWh effective August 1, 2021.

6 **Q. Is the Step 1 Property Tax amount reflected in the calculation of recoverable**  
7 **Property Tax expense amount of \$2,041 thousand as shown in Attachment**  
8 **ELM/JAU-4, Page 3?**

9 A. No. The Step 1 revenue requirement included a calculation of property tax of \$1,595,774  
10 to account for incremental property taxes resulting from the additional plant in service  
11 through December 31, 2019 and would be reflected in fiscal year 2021 property tax bills  
12 (April 2020-March 2021). Since the distribution rate change from the Step 1 revenue  
13 requirement increase went into effect on January 1, 2021 (including Property Tax  
14 expense), the Step 1 Property Tax amount of approximately \$1.6 million is not reflected  
15 in the calendar year 2020 reconciliation as presented in this RRA filing, however, will be  
16 included in the next RRA filing to be made on or before May 1, 2022.

17 **Q. Please describe what is included in the property tax expense included in base**  
18 **distribution rates?**

19 A. Schedule EHC/TMD-31 in Docket No. DE 19-057 distribution rate case provides detail  
20 to support the property tax expense of \$45,186,407. This amount includes local municipal  
21 property taxes and New Hampshire state utility property tax and excludes property tax

1 allocated to Construction Work in Progress (“CWIP”) and non-utility property. The  
2 property tax expense included in base distribution rates was also normalized to remove  
3 any refunds received from property tax settlements received for taxes paid through the  
4 test year ending December 31, 2018. However, any future refunds received for property  
5 taxes paid post-test year would be included in the property tax reconciliation. The  
6 Company will also note that while Schedule EHC/TMD-31 does identify property taxes  
7 associated with certain building leases, these buildings were formerly leased, but as of the  
8 test year the leases has been transferred to Eversource. Any property taxes associated  
9 with leases are not included in the property tax expense that is subject to this  
10 reconciliation.

11 **Q. Please explain the property tax adjustment shown in Attachment ELM/JAU-4, Page**  
12 **2.**

13 A. During the preparation of this RRA filing, it was discovered that the amount allocated to  
14 distribution property tax expense was overstated by \$1,024,597 for the April 2020-  
15 December 2020 time period. The adjustment was reflected on the Company’s books in  
16 April 2021, however, since the adjustment relates to 2020 property tax expense, the  
17 Company felt it was appropriate to reflect the adjustment as part of the 2020 property tax  
18 reconciliation.



1 **Q. Why does the reconciliation period for Property Tax expense cover the period**  
2 **January 1, 2020 through December 31, 2020?**

3 A. As described above and outlined in the Docket No. DE 19-057 settlement agreement, the  
4 first RRA filing was a reconciliation of property tax expenses for the calendar year.  
5 Going forward, property tax expenses will continue to be reconciled on a calendar year  
6 basis.

7 **Lost Base Distribution Revenue due to Net Metering**

8 **Q. Please describe the detailed support for the calculation of the LBR due to Net**  
9 **Metering included on pages 3 and 4 of Attachment ELM/JAU-5.**

10 A. As noted in the separate testimony and attachments of Ms. Ullram and per Order No.  
11 26,433, the Company has summarized the LBR due to Net Metering to be recovered  
12 through the RRA as previously referenced and provided in Attachments JAU-1 to JAU-6,  
13 in compliance with Section 9.1(d) of the Settlement as follows:

14 Lost-base distribution revenues associated with net metering, as calculated  
15 consistent with RSA 362-A:9, VII and the Commission's approved method in  
16 Order No. 26,029 (June 23, 2017) in Docket No. DE 16-576. The Settling Parties  
17 acknowledge that base distribution rates do not include any lost base distribution  
18 revenue associated with net metering for installations occurring on or after  
19 January 1, 2019. The amount of lost base distribution revenue shall be calculated  
20 based on the cumulative net metering installations from January 1, 2019 forward  
21 unless a different recovery methodology is adopted by the Commission in Docket  
22 No. DE 20-136, Recovery Mechanism and Rate Treatment for Net Metering and  
23 Group Host Costs, or any other docket. The RRA shall recover lost base  
24 distribution revenues beginning as of January 1, 2019.

25 Consistent with the Commission's approval of the Settlement, Attachment ELM/JAU-5,  
26 Pages 3 and 4, summarizes the total actual displaced LBR due to Net Metering amount to

1 be recovered for the period January 1, 2019 to December 31, 2020 and represents the  
2 displaced kWh for all customer installations beginning January 1, 2019. The RRA  
3 amount of LBR due to Net Metering is approximately \$290 thousand to be recovered.  
4 Attachment ELM/JAU-5, Page 1 reflects that on a stand-alone basis the average LBR due  
5 to Net Metering component rate is 0.004 cents-per-kWh effective August 1, 2021.

### 6 **Storm Cost Amortization Reconciliation**

7 **Q. Please describe the detailed support for the calculation of the Storm Cost**  
8 **Amortization Reconciliation included on pages 2 to 4 of Attachment ELM/JAU-7.**

9 A. Per Order No. 26,433, to comply with the intent of Section 9.1(e) of the Settlement, the  
10 Company has prepared Attachment ELM/JAU-6 to recover or refund the Storm Cost  
11 Amortization Reconciliation through the RRA. Section 9.1(e) of the Settlement states the  
12 following:

13 Storm cost amortization final reconciliation and annual reconciliation updated for  
14 actual cost of long-term debt. The RRA shall be used to reconcile the recovery  
15 amount of the storm costs through December 31, 2018, which are included for  
16 recovery as part of the temporary rate increase. Consistent with the temporary rate  
17 settlement, the \$68.5 million currently being recovered over five years shall be  
18 reconciled based on final actual costs, including any audit adjustments, and to  
19 reflect the actual cost of debt over time. As part of the temporary rate settlement  
20 agreement, PSNH began amortizing the unrecovered storm costs as of December  
21 31, 2018, which were estimated to be \$68,474,355, over a five-year period  
22 beginning August 1, 2019. As of August 1, 2019, PSNH began applying a  
23 carrying charge on these storms equal to its embedded cost of long-term debt. On  
24 an annual basis through July 31, 2024, the RRA shall reconcile the amortization  
25 amount to adjust for the Company's actual cost of long-term debt interest rate as  
26 filed in the Company's Form F-1 on a quarterly basis.

1 Consistent with the Settlement, Attachment ELM/JAU-6, Page 3, reflects the actual  
2 Storm Cost Amortization amount to be recovered for the period August 1, 2019 to  
3 December 31, 2020. The RRA amount of Storm Cost Amortization Reconciliation is  
4 approximately (\$233) thousand to be refunded through the RRA rate. Attachment  
5 ELM/JAU-6, Page 1 reflects the average Storm Cost Amortization Reconciliation  
6 component/adder rate of (0.003) cents-per-kWh effective August 1, 2021.

7 **Q. Please explain whether any charges and associated carrying charges incurred after**  
8 **December 31, 2018 are included in this storm cost amortization reconciliation.**

9 A. No. The \$68.5 million being amortized beginning August 1, 2019 reflected the shortfall  
10 between the storm fund account collected from customers and the deferred storm costs  
11 and carrying charges through December 31, 2018. Any costs and associated carrying  
12 charges incurred after December 31, 2018 are reconciled once the Commission approves  
13 the storm costs and the amount collected in the storm fund is used to offset those  
14 additional costs. The RRA is only reconciling the variance in the long-term debt rate used  
15 to amortize the \$68.5 million.

16 **Q. Did the Company include Accumulated Deferred Income Taxes (ADIT) in its**  
17 **calculation of carrying charges as part of this filing?**

18 A. No. In compliance with the Section 9.2 Settlement<sup>5</sup> as approved in Order No. 26,433,  
19 ADIT is not included in the carrying charge calculation of RRA over or under recoveries.

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<sup>5</sup> Settlement, Bates page 18

1 **Q. Why does the reconciliation period for Storm Cost Amortization cover the period**  
2 **August 1, 2019 through December 31, 2020?**

3 A. The Company began amortizing storm costs beginning August 1, 2019 when temporary  
4 rates went into effect. Therefore, the reconciliation of the amortization expense using the  
5 actual long-term debt rates is performed beginning on August 1, 2019.

6 **Q. How has the Company allocated the total average RRA rate to each rate class?**

7 A. The Company has allocated the total average RRA rate to each class using the same  
8 allocation methodology used to allocate the Step 1 rate adjustment. That is, the Company  
9 calculated an equal percentage decrease to each rate class and set rates using the target  
10 revenue decrease for each rate class. Attachment ELM/JAU-7, page 3 provides the  
11 revenue allocation to each rate class and page 4 calculates the kWh or kW rates for each  
12 rate class. The proposed rates are included on page 1 of Attachment ELM/JAU-7.

13 **Q. Has the Company included rate exhibits and calculations of the customer bill**  
14 **impacts for the proposed August 1, 2021 RRA rate change?**

15 A. Yes, this detail is provided in Attachment ELM/JAU-7.

- 16 • Page 5 provides a comparison of residential rates proposed for effect August 1,  
17 2021 to current rates effective February 1, 2021 for a 550 kWh monthly bill, a  
18 600 kWh monthly bill, and a 650 kWh monthly bill.
- 19 • Page 6 provides a comparison of residential rates proposed for effect August 1,  
20 2021 to rates effective August 1, 2020 for a 550 kWh monthly bill, a 600 kWh  
21 monthly bill, and a 650 kWh monthly bill.

- 1           • Page 7 provides the average impact of each change on bills for all rate classes by  
2           rate component on a total bill basis, excluding energy service.
- 3           • Page 8 provides the average impact of each change on bills for all rate classes by  
4           rate component on a total bill basis, including energy service.

5           The rate impacts provided in Attachment ELM/JAU-7 incorporate the rates reflecting (i)  
6           the permanent Distribution rates approved in Order No. 26,433 in Docket No. DE 19-  
7           057; (ii) the 2019 Step Adjustment revenue requirement approved in Order No. 26,439 in  
8           Docket No. DE 19-057; (iii) the Energy Service rate reflecting rate changes approved in  
9           Order No. 26,438 in Docket No. DE 20-054 and in effect as of February 1, 2021; (iv) the  
10          Stranded Cost Recovery Charge rate reflecting rate changes approved in Order No.  
11          26,451 in Docket No. DE 20-095 and in effect as of February 1, 2021; (v) the  
12          Transmission Cost Adjustment Mechanism rate reflecting rate changes approved in Order  
13          No. 26,386 in Docket No. DE 20-085 and in effect as of August 1, 2020; (vi) the System  
14          Benefits Charge rate reflecting rate changes approved in Order No. 26,323 in Docket No.  
15          DE 17-136 and in effect as of January 1, 2020; and (vii) the RRA rate change(s) proposed  
16          in this filing. Revised rates will be proposed at a later date for the Distribution Rate to  
17          incorporate the Step 2 adjustment, Energy Service, Stranded Cost Recovery Charge, and  
18          Transmission Cost Adjustment Mechanism for effect on August 1, 2021.

19   **Q. Has the Company provided updated Tariff pages as part of this filing?**

20   A. Yes. Updated tariff pages are provided in Attachment ELM/JAU-8.

1 **Q. Does Eversource require Commission approval of the RRA rate billed to customers**  
2 **by a specific date?**

3 A. Yes, Eversource would need final approval of the RRA rate by July 26, 2021, to  
4 implement the new rates for service rendered on and after August 1, 2021.

5 **Q. Does this conclude your testimony?**

6 A. Yes, it does.