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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

July 16, 2021 - 1:08 p.m.
21 South Fruit Street
Suite 10
Concord, NH

[Hearing also conducted via Webex]

**RE: DE 21-029
PUBLIC SERVICE COMPANY OF NEW
HAMPSHIRE d/b/a EVERSOURCE ENERGY:
2021 Regulatory Reconciliation
Adjustment (RRA).**

PRESENT: Chairwoman Dianne H. Martin, Presiding
Commissioner Daniel C. Goldner

Doreen Borden, Clerk
Corrine Lemay, PUC Hybrid Hearing Host

APPEARANCES: **Reptg. Public Service Company of
New Hampshire d/b/a Eversource Energy:**
Matthew J. Fossum, Esq.

Reptg. New Hampshire Dept. of Energy:
Paul B. Dexter, Esq.
(Regulatory Support Division)

Court Reporter: Steven E. Patnaude, LCR No. 52

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I N D E X

PAGE NO.

WITNESS PANEL: **ROBERT D. ALLEN**
 LEE G. LAJOIE
 JENNIFER A. ULLRAM
 ERICA L. MENARD

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1	March 1, 2021 Petition, including the Testimony of Robert D. Allen and Lee G. Lajoie, with attachments	<i>premarked</i>
2	July 12, 2021 Testimony of Jennifer A. Ullram, with attachments	<i>premarked</i>
3	July 12, 2021 Testimony of Erica L. Menard and Jennifer A. Ullram, with attachments	<i>premarked</i>
4	June 18, 2021 Response to Staff Data Request 2-006	<i>premarked</i>
5	Tariff Page 22 in existing Eversource tariff	<i>premarked</i>
6	June 18, 2021 Response to Staff Data Request 2-005	<i>premarked</i>
7	RECORD REQUEST (<i>Backup information supporting the calculations of the long-term debt rates of the Actuals</i>)	138
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P R O C E E D I N G

CHAIRWOMAN MARTIN: We're here this afternoon in Docket DE 21-029, which is the Eversource Petition for Approval of its Regulatory Reconciliation Adjustment Rate.

My name is Dianne Martin, and I am the Chairwoman of the Public Utilities Commission.

Commissioner Goldner, would you like to introduce yourself.

COMMISSIONER GOLDNER: Hi. Dan Goldner, Commissioner.

CHAIRWOMAN MARTIN: Okay. And let's take appearances, starting with, it looks like we have Mr. Fossum, go ahead.

MR. FOSSUM: Good afternoon, Commissioners. Matthew Fossum, here for Public Service Company of New Hampshire, doing business as Eversource Energy.

CHAIRWOMAN MARTIN: Thank you. And, Mr. Dexter, I see you over there, too. Go ahead.

MR. DEXTER: Good afternoon, Chairwoman Martin and Commissioner Goldner. My name is Paul Dexter. I'm Staff Attorney, representing the Department of Energy.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 CHAIRWOMAN MARTIN: Excellent. Thank
2 you.

3 And I have Exhibits 1 through 6
4 prefiled and premarked for identification. Any
5 issues related to exhibits?

6 MR. FOSSUM: None that I'm aware of.

7 CHAIRWOMAN MARTIN: Okay. And seeing
8 none from Energy, we will move on.

9 Any other preliminary matters that we
10 need to address?

11 *[No verbal response.]*

12 CHAIRWOMAN MARTIN: Okay. Seeing none.
13 Let's get the witnesses sworn in please, Mr.
14 Patnaude.

15 (Whereupon **Robert D. Allen,**
16 **Lee G. Lajoie, Jennifer A. Ullram, and**
17 **Erica L. Menard** were duly sworn by the
18 Court Reporter.)

19 CHAIRWOMAN MARTIN: Go ahead,
20 Mr. Fossum.

21 MR. FOSSUM: Thank you.

22 **ROBERT D. ALLEN, SWORN**

23 **LEE G. LAJOIE, SWORN**

24 **JENNIFER A. ULLRAM, SWORN**

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

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ERICA L. MENARD, SWORN

DIRECT EXAMINATION

BY MR. FOSSUM:

Q I'm going to start with Mr. Allen and Mr. Lajoie.
Could you -- we'll go with Mr. Allen first.
Would you please state your name, position, and
responsibilities for the record? And you are on
mute.

CHAIRWOMAN MARTIN: Mr. Allen, you're
still on mute. Are you able to unmute? Try
again.

No. For some reason we can't hear you.
Ms. Lemay, were you able to hear him before?

Let's go off the record for a minute
please.

*(Off the record due to audio
difficulties.)*

CHAIRWOMAN MARTIN: Let's take a
five-minute recess to give Mr. Allen a chance to
connect. Off the record.

*(Recess taken at 1:13 p.m. and the
hearing resumed at 1:23 p.m.)*

CHAIRWOMAN MARTIN: All right. Let's
go on the record then. Go ahead.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 MR. FOSSUM: All right. Just note,
2 thank you for the break while we address the
3 technical issue. We'll return back to where we
4 began.

5 BY MR. FOSSUM:

6 Q Mr. Allen, could you please state your name, your
7 position, and your responsibilities for the
8 record?

9 A (Allen) Sure. Good afternoon, everyone. My name
10 is Robert Allen. I'm the Manager of Vegetation
11 Management for New Hampshire Eversource.

12 Q And what are your responsibilities in that role?

13 A (Allen) My role is to manage and monitor the
14 Vegetation Management Program, which involves
15 hiring tree trimming contractors and dealing with
16 the public, to make sure that our miles get
17 trimmed every year.

18 Q And have you previously testified before this
19 Commission?

20 A (Allen) I have, yes.

21 Q And, Mr. Lajoie, could you also state your name,
22 your position, and responsibilities for the
23 record?

24 A (Lajoie) My name is Lee Lajoie. I'm the Manager

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 of System Resiliency for Eversource New
2 Hampshire. I am responsible for the majority of
3 the capital -- the capital budget, the
4 development, and monitoring of the capital budget
5 over the course of the year.

6 Previously, I managed the Reliability
7 Enhancement Program that was in place from 2007
8 through 2019, which had, at its peak,
9 approximately \$40 million of capital investment
10 every year.

11 I also have two small groups that
12 report to me. One is the Reliability Reporting
13 Group for New Hampshire, and the other is the
14 Pole-Top Distribution Automation Group, who
15 schedules, plans, and monitors the execution of
16 our Pole-Top DA Program, Distribution Automation
17 Program.

18 Q Thank you. And have you previously testified
19 before this Commission?

20 A (Lajoie) Yes, I have.

21 Q And, for both of you, did you file testimony and
22 attachments as part of the Company's submission
23 in this proceeding back on March 1st, 2021, and
24 which has been marked for identification as

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 "Exhibit 1"?

2 A (Lajoie) Yes, we did.

3 Q And was that -- and, Mr. Allen, the same for you?

4 A (Allen) Yes.

5 Q And was that testimony prepared by you or at your
6 direction?

7 A (Allen) Yes.

8 A (Lajoie) Yes.

9 Q Are there any corrections or updates to that
10 testimony this afternoon?

11 A (Lajoie) Yes. Actually, we have two corrections.
12 On Page 4, which is Bates Page 010 of our
13 testimony, Line 23, it says "We are presenting
14 the following six exhibits". That should read
15 "the following three exhibits in support of this
16 testimony."

17 Q And, Mr. Lajoie, I'll interrupt. Just to be
18 clear, when you say "Bates Page 010", is that the
19 Bates numbering in black, which would be "Bates
20 011" in the red?

21 A (Lajoie) I do not have a red, but I will assume
22 that your copy is the same as what I should be
23 looking at. And, yes, I will say that that's
24 "Page 11" in red.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q Thank you. And the second correction?

2 A (Lajoie) The second is seven pages later, Page 11
3 of our testimony, which is Bates Page 017 in
4 black, likely Page 18 in red. At the top of that
5 page, Lines 1 and 2, both identify or state that
6 there was an "under-recovery" of costs, that
7 should have read "over-recovery" on both Lines 1
8 and 2.

9 Q Thank you. And for both of you, subject to the
10 corrections that you have just identified, do you
11 adopt this testimony as your sworn testimony for
12 this proceeding?

13 A (Lajoie) Yes.

14 A (Allen) Yes.

15 Q Turning now to Ms. Ullram. Did you file
16 testimony and attachments as part of the
17 Company's RRA submission on July 12th of 2021,
18 and which has been marked for identification as
19 "Exhibit 2"?

20 A (Ullram) Yes, I did.

21 Q And had you previously filed testimony on this
22 topic? Oh.

23 A (Ullram) Oh, sorry.

24 Q Nope. I apologize, I jumped right on to that,

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 and I forgot that we hadn't done the
2 introductions.

3 Ms. Ullram, could you please state your
4 name, your position, and responsibilities for the
5 record?

6 A (Ullram) Sure. My name is Jennifer Ullram. And
7 I'm the Manager of Rates for Connecticut and New
8 Hampshire. I'm responsible for activities
9 related to rate design, cost of service, and
10 rates administration for New Hampshire electric
11 activities, as well as Connecticut electric and
12 gas activities.

13 Q Thank you. And returning back to the question
14 where I cut myself off, had you previously filed
15 testimony before July 12th in this proceeding?

16 A (Ullram) Yes, I did. We had filed originally
17 testimony related to the lost base revenues as
18 Exhibit 2, on April 30th of 2021. But, since
19 that filing, the Department of Energy Staff had
20 noted that there was a few items that needed
21 correcting. So, specifically, there was an error
22 in one formula, and one attachment did not show
23 all of the net metering customers that should
24 have been listed. So, to correct those, we had

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 filed a revision to the testimony and exhibits,
2 that's the exhibit that we're filing here, as
3 "Exhibit 2", on July 12th.

4 And we subsequently spoke to DOE Staff,
5 and it was decided that the July 12th exhibits
6 would just replace what we had originally filed
7 on April 30th. And, so, we're only marking those
8 exhibits that we filed on July 12th in this
9 docket.

10 Q Thank you for that clarification. And was this
11 testimony that we're talking about in Exhibit 2
12 prepared by you or at your direction?

13 A (Ullram) Yes, it was.

14 Q And do you have any corrections or updates to
15 that testimony today?

16 A (Ullram) No, I do not.

17 Q And do you adopt that testimony as your sworn
18 testimony for this proceeding?

19 A (Ullram) Yes, I do.

20 Q And, lastly, Ms. Menard, could you please state
21 your name, your position, and responsibilities
22 for the record?

23 A (Menard) Yes. My name is Erica Menard. I'm the
24 Manager of Revenue Requirements for Eversource.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 I'm responsible for New Hampshire.

2 Q And have you previously testified before this
3 Commission?

4 A (Menard) Yes.

5 Q Now, Ms. Menard, for both you and Ms. Ullram, did
6 you file joint testimony and attachments on July
7 12th, 2021, as part of this RRA submission, and
8 which has been marked for identification as
9 "Exhibit 3"?

10 A (Ullram) Yes.

11 A (Menard) Yes.

12 Q And, similar to Ms. Ullram's individual
13 testimony, were there other versions of this
14 testimony?

15 A (Menard) Yes. There was an initial version filed
16 on April 30th, and that filing was subsequently
17 revised on July 1st. The April 30th filing had
18 an estimate for a property tax adjustment, and
19 that number was an estimate at the time. On
20 July 1st, we had more updated information, and we
21 filed a July 1st update. Subsequently, we had a
22 technical session with DOE Staff. And, as Ms.
23 Ullram stated earlier, there was a correction to
24 the net metering lost base revenue calculation

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 that flowed through the RRA calculation itself.
2 And, so, a revised filing was made on July 12th.

3 And we also, at that time, determined
4 that, since all rate changes had been filed for
5 August 1st, that we would provide a complete --
6 complete testimony and exhibits, and that would
7 supercede any previous filings that were made.

8 Q Thank you. With that understanding, was this
9 July 12th testimony prepared by you or at your
10 direction?

11 A (Ullram) Yes.

12 Q And are there any corrections or updates to that
13 testimony today?

14 A (Ullram) I do have one small, very minor
15 correction.

16 In looking at Exhibit 3, it's Bates
17 Page 050, there's a typographical error in the
18 formula on Line 19. In the last column, it
19 states that the formula should be "Column F
20 equals Column E, divided by Column A". And that
21 formula should actually state "Column F equals
22 Column C, divided by A". And that's just in the
23 heading. The math itself in each of the
24 calculations were correct. But it's just the

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 description that needs to be updated.

2 CHAIRWOMAN MARTIN: Ms. Ullram, can you
3 say the Bates page again please?

4 WITNESS ULLRAM: Sure. It's Bates Page
5 050, in Exhibit 3.

6 MR. FOSSUM: And that's the page -- the
7 red Page Number 50?

8 WITNESS ULLRAM: Yes.

9 BY MR. FOSSUM:

10 Q And subject to that correction, do you adopt this
11 testimony as your sworn testimony for this
12 proceeding?

13 A (Ullram) Yes.

14 A (Menard) Yes.

15 A (Ullram) Can I -- oh, no. Okay. No, I'm good.
16 Sorry.

17 Q Okay. Thank you. I guess I may -- I was
18 contemplating skipping a few, but I will just ask
19 this one, and ask Mr. Lajoie and Mr. Allen a
20 question about their joint testimony, only
21 because this is the first time that we've done
22 one of these RRA filings.

23 Mr. Lajoie or Mr. Allen, as may be most
24 appropriate, could you just explain what has been

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 provided, without going into unnecessary detail,
2 just please explain what's been provided in your
3 testimony to support this RRA submission?

4 A (Lajoie) The attachment to our testimony involves
5 a report, an "Annual Reliability Report", titled
6 the "2020 Report to the New Hampshire Public
7 Utilities Commission". There are several
8 sections in that, starting off with graphs of
9 reliability statistics, O&M programs and results,
10 a description of capital activities related to
11 reliability and the results, and a list of the
12 fifty worst performing circuits that we have in
13 New Hampshire.

14 This is a format that was agreed to by
15 what's now the DOE Staff. And it follows a
16 pattern that was established for reports filed
17 under, as I mentioned earlier, the Reliability
18 Enhancement Program, which was in place from 2007
19 through 2019.

20 After those sections are a Vegetation
21 Management Report, which was assembled by Mr.
22 Allen and his team, discussing the activities
23 performed in the area of vegetation management
24 for the calendar year 2020.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q Thank you. And just for clarity, is it your
2 position and the Company's position that those
3 vegetation management activities, and reliability
4 investments that is contained in that, in those
5 attachments, have been prudent and that the costs
6 for them are reasonable?

7 A (Lajoie) Yes, that is our position.

8 A (Allen) Yes.

9 Q Thank you. Turning to Ms. Ullram, and
10 concentrating on your individual testimony in
11 Exhibit 2, similarly, as the first time we're
12 running through this kind of filing, could you
13 give just some background information or explain,
14 please, what is in your testimony and how it
15 feeds into the overall RRA?

16 A (Ullram) Sure. So, the testimony for the lost
17 base revenues included as Exhibit 2 in the
18 filing, and because we don't have full decoupling
19 in New Hampshire for Eversource, the amount of
20 revenue that we collect depends solely on how
21 much energy customers use, since the rates are
22 already set. So, as net metering facilities,
23 such as, you know, solar facilities, are added,
24 what ends up happening is the resulting

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 kilowatt-hour sales from those customers
2 decrease, which results in an ultimate decrease
3 in the revenue that Eversource collects.

4 And, when we did our rate case, we were
5 basing our sales and billing determinants on 2018
6 calendar year information. So, now everything
7 that we've experienced since January 1st of 2019,
8 after any sales that have declined due to this --
9 the additional solar facilities going in service,
10 and those net metering customers coming on, what
11 I'm doing here in my exhibits is calculating what
12 those lost base revenues are for those
13 installations.

14 So, as I mentioned, Exhibit 2 provides
15 calculations showing the amount of distribution
16 revenue that Eversource no longer collects
17 because of the impact of net metering. And, as
18 more and more of these solar installations go in
19 service, obviously, the revenues are going to
20 increase, so there's a need to collect that.

21 Now, we had, as part of our Settlement
22 Agreement in our most recent rate case, we had
23 received approval to include these lost base
24 revenues in the RRA calculation, which then feeds

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 into the calculation that we've supported in
2 Exhibit 3 of this filing.

3 And, so, you know, at a high level, the
4 calculations kind of speak for themselves. But
5 all of the supporting exhibits in there show how
6 we calculated the lost base revenues for both
7 Rate R and Rate G and GV.

8 And, so, I'd be happy to answer further
9 questions on that, you know, if it comes up.

10 Q Okay. Thank you. I don't have any others on
11 that one at the moment.

12 But turning over to, I'll take as a
13 segue, turning over to the July 12 testimony
14 marked as "Exhibit 3", Ms. Menard or Ms. Ullram,
15 as may be most appropriate, could you also please
16 explain what Exhibit 3 contains and shows?

17 A (Menard) Yes. The Exhibit 3 relates to what we
18 call the "RRA" filing. As part of our
19 distribution rate case, there was consideration
20 for various costs and revenues that were deemed
21 to be either outside of the control of the
22 utility or required a need to reconcile to what
23 was in base distribution rates. And, so, the RRA
24 was the mechanism designed, as part of the

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Settlement Agreement in the rate case, to recover
2 certain specific components. There's five
3 components related to vegetation management
4 expense, amortization of storm costs, lost base
5 revenue due to net metering, property tax
6 expense, and regulatory assessments and PUC and
7 OCA consultant costs.

8 And, so, there's -- while in the rate
9 case, we can take a comprehensive look at all
10 these costs, this mechanism is designed on an
11 annual basis to look at very targeted sets of
12 costs, and reconcile those costs back to what was
13 included in our base revenue requirement as part
14 of the distribution rate case.

15 So, this is the first time we are
16 filing this RRA. So, there are, you know, for
17 the various components, there might be some
18 nuances as to how those costs are recovered.
19 But, going forward, these reconciliations are
20 proposed to be on an annual calendar basis.

21 This first RRA rate is proposed to be a
22 credit back to customers. And, as described in a
23 little bit more detail in Mr. Allen's testimony
24 and in our joint testimony, largely that credit

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 is due to a reconciliation of some vegetation
2 management costs that were underspent in the
3 second half of 2020. That credit or that
4 underspend was offset by increases in regulatory
5 assessments and PUC consultant costs, some
6 property tax expenses, the lost base revenue due
7 to net metering, and also a small reduction due
8 to storm cost amortization.

9 So, in total, that is the basis of this
10 first RRA filing.

11 Q Thank for that explanation. I'd like to look at
12 a couple of specific items.

13 Do you have in front of you the data
14 request and response that has been marked for
15 identification as "Exhibit 4"?

16 A (Menard) Yes.

17 Q And, Ms. Menard, were you the witness for that
18 response?

19 A (Menard) Yes.

20 Q And, so, could you please explain what it is that
21 that response shows and demonstrates?

22 A (Menard) This response was a question that was
23 asked by the Department of Energy Staff related
24 to support for the property taxes that were filed

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 as part of this RRA filing. The detail, there's
2 a table that is attached in that response, which
3 shows how the property taxes were computed. And,
4 in New Hampshire, the property tax year runs from
5 April to March. And, so, in order to convert
6 that to a calendar year and compare that to
7 what's in base rates, we had to take three months
8 of the 2019 property tax year and nine months of
9 the 2020 property tax year.

10 So, all of these towns, the individual
11 taxes were displayed by town. And the support
12 for the total amount filed for property taxes is
13 on the last page of that attachment in Exhibit 4,
14 and corresponds to what was filed in the RRA, and
15 then what is compared to what was in base
16 distribution rates.

17 And there are several offsets that --
18 or, adjustments that are made to property taxes.
19 There's some allocation to the construction work
20 in progress, that ends up flowing through to
21 capital projects. There is an allocation to
22 stores and transportation clearing accounts for
23 warehouses and garages.

24 And then, there are -- we received some

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 property tax abatements, if the Company had
2 challenged some property tax bills that were
3 received. Depending on the decision that comes
4 out, there are sometimes where settlements are
5 reached and abatements are received by the
6 Company. So, anything that came through an
7 abatement after the test year of 2018 flows back
8 to customers through this RRA mechanism.

9 And, then, finally, there are some
10 adjustments, because of the way that property
11 taxes are booked on a property tax year basis
12 versus a calendar year basis, there are sometimes
13 where property taxes are estimated, and then
14 trued up. And so that there is an adjustment
15 that was also made for that calendar year, too.

16 Q Thank you. Turning now to the data request and
17 response that's marked for identification as
18 "Exhibit 6". Ms. Menard, were you also the
19 witness for that?

20 A (Menard) Yes.

21 Q And could you explain what it is that that
22 request and response demonstrate relative to the
23 RRA?

24 A (Menard) Yes. This data request, again, was

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 between the Company and the Department of Energy
2 Staff. And there was a question as to why the
3 Company has included 2019 consultant costs from
4 PUC and OCA, and why -- basically, the question
5 is "Why are 2019 costs included in a calendar
6 year 2020 reconciliation filing?"

7 And, so, I have explained in the data
8 response that the Company -- that there is a --
9 there's a law that allows the utilities to
10 recover consultant costs that come from PUC and
11 OCA hired consultants.

12 And, in previous years, we had made a
13 separate filing in specific dockets to recover
14 these costs. And, as a result, a distribution
15 rate adjustment would have been made to recover
16 those deferred costs.

17 In this case -- and there was
18 recognition in the Settlement Agreement that
19 there were no consultant costs in the base
20 distribution rates. And, so, instead of filing a
21 separate stand-alone filing and a separate
22 proceeding for 2019 costs, and because we have
23 this mechanism where we're already recovering and
24 reconciling consultant costs, it just -- it

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 seemed like a natural fit to include these 2019
2 costs within that first RRA filing.

3 Going forward, it truly will be just a
4 calendar year reconciliation. But the first
5 year, because we're -- the rate case was delayed
6 or extended, because of the pandemic, so there
7 was a long period of time between when we started
8 the case and where we ended the case. So, there
9 was a need to reconcile some of these additional
10 costs for consultants.

11 Q Thank you. So, for I guess Ms. Menard and Ms.
12 Ullram, depending on who is the most appropriate
13 on the specific question, I'd just like to
14 disclose some information on the actual rate
15 calculation now, understanding the -- having now
16 understood these various inputs.

17 Could you look at Exhibit 3 please?
18 And, in there, Bates -- red Bates Page 012.

19 A (Ullram) Okay.

20 Q And there is a table at the top of that page.
21 Could you please explain what's shown on that
22 table?

23 A (Ullram) So, this table is showing the proposed
24 average rates for each of the different cost

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 categories in here. It's used to add up to a
2 total average RRA rate. And that total average
3 RRA rate isn't what customers will actually see
4 on their bills. What that average RRA rate is, I
5 take that rate and I use it to allocate the
6 appropriate level of revenues to each of the
7 different rate classes.

8 So, more appropriately, to see where,
9 you know, what the rates are for each rate class,
10 I would refer to Exhibit 3, Bates Page 050, which
11 shows how we -- Bates red Page 050, which shows
12 how we allocate the total average rate to each of
13 the rate classes.

14 So, I take the rate that was calculated
15 on an average basis, and determine the total
16 revenue requirements associated with that, that's
17 from one of the earlier exhibits, and create an
18 overall average revenue allocation that I need to
19 allocate for each of the rate classes. So, in
20 this case, you know, this was a rate decrease for
21 the RRA, so like a negative 0.22 percent decrease
22 in revenues across all the different rate
23 classes. And, so, we allocate the 0.22 percent
24 based on our -- we allocate to each rate class

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 based upon our distribution revenue requirements
2 that were approved as part of the Settlement.
3 And then, we determine the total amount, which is
4 the \$915,000 credit, back to -- which adds up in
5 total for each of the rate classes. And then, we
6 allocate the -- or, calculate the rates based on
7 whether it's sales or demand. So, you know,
8 Rates R and R-OTOD and Outdoor Lighting all were
9 allocated based on -- I'm sorry, and the Water
10 Heating classes were allocated -- calculated,
11 sorry, not "allocated", the rates were calculated
12 based on sales, and then all the other rate
13 classes we calculated the rates as a demand
14 charge.

15 So, that's how it kind of flows
16 through. And, you know, Bates Page 051 shows the
17 actual calculation of the rates, and then
18 Pages 40 -- pardon me -- 048 show the actual
19 rates by rate class.

20 Q Okay. Well, that was a mouthful. But I'll
21 just --

22 A (Ullram) It was.

23 Q So, just so I am clear, where I started with that
24 table earlier in the testimony, that was an

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 overall average rate. But what is shown on red
2 Bates 048 is the actual rate reductions that
3 would apply to each class of customers --

4 A (Ullram) Correct.

5 Q -- in this proposal? Continuing on that theme,
6 if you could turn to red Bates Page 52?

7 A (Ullram) Okay.

8 Q And could you please explain what is shown there,
9 and concentrating on the RRA that is the subject
10 of this proceeding?

11 A (Ullram) So, what we've included here is the
12 various impacts, based on different kilowatt-hour
13 levels, for a Residential Rate R customer. So,
14 we've calculated the rate impacts for a 550, 600,
15 and 650 kilowatt-hours a month. And it was
16 specifically for Rate -- for the RRA in and of
17 itself, you'll see that, for a 550
18 kilowatt-hour -- a customer using 550
19 kilowatt-hours a month, they will see
20 approximately a 9 cent decrease in their bill
21 just for the RRA portion.

22 Q Thank you. And, now, more generally, and just to
23 be clear, so, the RRA is one of the rates that's
24 proposed for adjustment on August 1st, correct?

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 A (Ullram) Correct. There's other rates that we
2 have going into effect. We've already received
3 approval of the Energy Service rate. And, then,
4 in addition, we will also have the Transmission,
5 the Stranded Cost Recovery Charge, and the step
6 adjustment, Step 2 adjustment, for the
7 distribution rates go into effect on August 1st
8 as well.

9 Q And, so, there would be a net impact on customer
10 bills from all of these changes. But, for our
11 purposes, it's just that RRA adjustment of
12 approximately 9 cents per month for a 550
13 kilowatt-hour residential customer that we're
14 concerned about here?

15 A (Ullram) Correct.

16 Q Thank you. And is it your position and the
17 Company's position that the rates calculated and
18 shown in Exhibit 3 are just and reasonable?

19 A (Ullram) Yes.

20 Q And now, just one last item. Ms. Ullram, if you
21 could turn to what has been marked for
22 identification as "Exhibit 5"?

23 A (Ullram) Okay.

24 Q And could you please explain what is shown on

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 that page?

2 A (Ullram) Sure. So, this is a page from our
3 tariff. It's the tariff page that shows the
4 Regulatory Reconciliation Adjustment language and
5 what's included in the RRA. For the rates
6 themselves, we include each of the rates in the
7 appropriate tariff pages for each rate class.
8 So, those are, you know, also contained in our
9 Exhibit 3 here.

10 But, you know, we have discussed adding
11 some rates to this with DOE Staff, putting a
12 table -- adding a table here showing the average
13 rates, similar to that table that we referred to
14 earlier in the testimony on I think it was Bates
15 Page 012. So, we had talked about adding that.
16 But, for now, this page just describes what's
17 included in the components of the RRA.

18 Q And just for clarity, we're not -- the Company is
19 not proposing to change that page, or at least it
20 wasn't included with the pages proposed to be
21 changed in Exhibit 3, is that correct?

22 A (Ullram) That's correct. This was already
23 approved, this page was already approved as part
24 of our rate case.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q And, so, this was just to provide some context
2 for how the RRA is presented to customers. Would
3 that be an accurate description?

4 A (Ullram) That is.

5 MR. FOSSUM: Thank you. I believe that
6 is all that I have for direct this afternoon.

7 CHAIRWOMAN MARTIN: Thank you,
8 Mr. Fossum. Mr. Dexter.

9 MR. DEXTER: Thank you, Madam
10 Chairwoman.

11 **CROSS-EXAMINATION**

12 BY MR. DEXTER:

13 Q I would like to direct the witnesses' attention
14 to Exhibit 3, Bates Page 026. And I would like
15 the witnesses to -- well, let me back up and ask.
16 Would you agree that the purpose of the --

17 CHAIRWOMAN MARTIN: Just a minute, Mr.
18 Dexter. I think we lost Mr. Allen's video. Mr.
19 Allen, are you there?

20 WITNESS ALLEN: I am.

21 CHAIRWOMAN MARTIN: Can you please keep
22 your video on?

23 WITNESS ALLEN: Yes.

24 CHAIRWOMAN MARTIN: Thank you. Go

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 ahead, Mr. Dexter.

2 MR. DEXTER: Sure.

3 BY MR. DEXTER:

4 Q So, at the top of Bates Page 026, we see -- the
5 witnesses have been talking about the "RRA". We
6 see that the "RRA" stands for "Regulatory
7 Reconciliation Adjustment". Would you all agree
8 with that?

9 A (Menard) Yes.

10 Q And, as we heard on direct testimony, the
11 Regulatory Reconciliation Adjustment has five
12 cost elements that are set forth here on Lines 1
13 through 5. Would you agree with that?

14 A (Menard) Yes.

15 Q And would you also agree that the purpose of the
16 Regulatory Reconciliation Adjustment is to make
17 the Company whole or collect dollar-for-dollar,
18 if you will, for items that are included in base
19 rates, but where actuals might come in different
20 from the items that were embedded in the base
21 rates from the last rate case. Is that basically
22 what we're doing here?

23 A (Menard) Yes. In general.

24 Q And, so, what we're trying to achieve in this

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 case, as I understand it, is we need to -- we
2 need to find out what costs we're trying to
3 recover. And, as you said, they're essentially
4 2020 costs, with some variations that we'll get
5 into. And we're going to compare that to what
6 was included in the base rates that were set in
7 DE 19-057. Correct?

8 A (Menard) Correct.

9 Q And the difference is what shows up on Bates Page
10 026 of Exhibit 3, for the five items. Would you
11 agree with that?

12 A (Menard) Yes.

13 Q And, so, this, rather than talk about rates, this
14 page talks about dollars. I won't go through all
15 of them. But, just for example purposes, this
16 docket will result in Eversource collecting, from
17 Line 1, "\$468,000" of Regulatory Assessments/PUC
18 and OCA Consultant Costs that were not recovered
19 in base rates or elsewhere. Would you agree with
20 that?

21 A (Menard) Yes.

22 Q And the idea is to collect these over a
23 twelve-month period, is that right?

24 A (Menard) Yes.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q Okay. And the twelve-month period starts August
2 1st, 2021. Agreed?

3 A (Menard) Correct.

4 Q So, having said all that, I'd like to take these
5 one-by-one, and I have a few questions about each
6 of them.

7 But, before I get to that, is there, of
8 these five costs that are listed, if the
9 Regulatory Reconciliation Adjustment is approved
10 as presented, is there any sharing of these costs
11 between customers and the Company? Or are these
12 costs all being passed through at 100 percent
13 under the proposal?

14 A (Menard) These costs are all being passed through
15 100 percent. No sharing.

16 Q And would you say that all of these five items
17 are outside of the control of Eversource or are
18 some of them under the control of Eversource?
19 Maybe you could go through them one-by-one, and
20 tell me which ones you believe -- because I think
21 you said something in your direct about some of
22 them being outside of the control of Eversource.
23 Could you just go one-by-one and tell me which
24 ones Eversource has some control over and which

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 ones they don't?

2 A (Menard) Certainly. The first line, which is the
3 "Regulatory Assessments and Consultant Costs", I
4 would propose that Eversource has little control
5 over those. Those are annual assessments that
6 are assessed to all of the utilities, as well as
7 consultant costs for consultants that are hired
8 by the PUC and OCA for certain docketed cases,
9 such as grid mod., net metering, and things like
10 that. So, I would say there's little control
11 over those.

12 For "Vegetation Management Costs", the
13 Company does have control over those. Going
14 forward, you know, on a calendar year basis, as
15 outlined in the Settlement Agreement in the rate
16 case, there is a specific budget that is
17 outlined, with a window to be able to go over by
18 a certain percentage. So, the Company does have
19 control over spending of vegetation management
20 costs, and, you know, can monitor and manage
21 within that allowed budget.

22 For "Property Tax Expense", I would say
23 that's a mixed bag. The property tax assessments
24 are assessed to the utility from the towns. And

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 it's based on plant that is out in the
2 communities. So, you know, Eversource, by
3 installing new plant, you know, that will have an
4 impact on property taxes. So, that's a piece
5 that I guess can be controlled by the Company.
6 But, in terms of the assessments that are -- that
7 are, you know, levied on the Company, those we
8 have less control over. Although we do have
9 avenues to be able to dispute property tax
10 assessments, and we do use those avenues where we
11 feel that the Company is assessed something that
12 is out of alignment with what the Company feels
13 the proper assessment is.

14 For "Lost Base Revenue due to Net
15 Metering", I would say the Company has little
16 control over the number of net metering
17 installations that occur, and the resulting
18 production of those net metered facilities.

19 And, for "Storm Cost Amortization",
20 this is related to there was an amount of storm
21 costs that was unrecovered that was identified as
22 part of the rate case. And those costs are
23 amortized over a five-year period. And they were
24 amortized using a fixed cost of debt. And, as

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 that debt rate changes, that's the piece that
2 we're reconciling. So, to the extent that the
3 Company has good credit ratings and can achieve
4 good debt issuances and favorable interest rates,
5 you know, I would say that's the piece that the
6 Company can control. And, so, as the debt rate
7 changes, those costs will get reconciled through
8 this mechanism.

9 I hope that answered your question.

10 Q Yes, quite thoroughly. Thank you. Ms. Ullram
11 mentioned -- prefaced a statement about, and I'm
12 going to paraphrase, "because we don't have
13 decoupling in New Hampshire", and went on to talk
14 about net metering. Ms. Ullram, is it your
15 testimony that, if Eversource did have a
16 decoupling mechanism in place, that the Element
17 Number 4, "Lost Base Revenue due to Net
18 Metering", would no longer need to be included in
19 the RRA?

20 A (Ullram) Yes. Provided that we would have like a
21 revenue decoupling mechanism that decouples based
22 on total revenue, then, yes, that would go away.
23 You know, I'm not as familiar with some of the
24 other decoupling mechanisms that I know some

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 utilities in New Hampshire have. But I know, if
2 it was a true revenue decoupling, I can say 100
3 percent that that would go away.

4 Q And you mentioned that this clause is necessary
5 to make the Company whole for revenue that's lost
6 versus the last test year as a result of net
7 metering. Is that right?

8 A (Ullram) That is correct.

9 Q Are there any clauses that pass back additional
10 revenue that the Company experiences after a rate
11 case? Is there any clause like that in place
12 now?

13 A (Ullram) To be honest with you, I'm not familiar
14 with -- I believe there was a calculation that we
15 used to do related to net metering.

16 I'm not sure, Ms. Menard, if you know?
17 I just -- it was before my time here.

18 A (Menard) Sorry. Can you repeat the question?

19 Q Sure.

20 A (Menard) Revenues back to the Company outside of
21 the rate case?

22 Q Right. This clause was described as "making the
23 Company whole for revenue lost since the rate
24 case due to net metering." My question is, are

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 there any other clauses that would work the
2 opposite way, that would pass back or make the
3 customers whole, if you will, for sales growth or
4 revenue growth that occurred after the last test
5 year?

6 A (Ullram) Oh, I understand the question now
7 better. Sorry. I thought you were referring to
8 a previous program before this RRA in recovering
9 lost base revenues.

10 I am not aware of any. I'm not sure if
11 anyone else is. But I'm not aware if our sales
12 increase here, you know, there's no mechanism
13 that would true up those sales to account for
14 additional revenue received.

15 A (Menard) I would agree.

16 Q Okay. Well, let's turn to the individual
17 components of the RRA. I would like to first
18 talk about the regulatory assessment and the
19 consultants. Would you agree that cost recovery
20 for these items is permitted pursuant to the four
21 statutes that you quoted on Exhibit 3, Bates 030
22 and 031?

23 A (Menard) Yes.

24 Q Would you explain how regulatory assessments have

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 been covered in the past, in other words, before
2 the RRA was established?

3 A (Menard) There were a couple of filings, specific
4 filings made, I believe I quoted them somewhere,
5 that included an adjustment to distribution rates
6 to cover regulatory assessment fees that were
7 higher than an amount that was in base rates.

8 Outside of those specific filings, the
9 Company would defer any amounts over base rates
10 and then recover that through a rate case.

11 I believe you're on mute, Mr. Dexter.

12 Q So, then, in DE 19-057, the recent rate case,
13 there was a deferred amount that took care of
14 some of these things?

15 A (Menard) Yes.

16 Q Because the prior rate case was something like
17 ten years ago, is my understanding, is that
18 right?

19 A (Menard) Correct.

20 Q Okay. There is an amount that's listed on
21 Exhibit 3, Bates 030 and 031, of what is included
22 currently in base rates, and that amount is
23 "5,220,056". Would you agree?

24 A (Menard) Yes.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q Could you explain how that amount was calculated?

2 A (Menard) Yes. On that same Bates Page 030, red
3 030, on Exhibit 3, the assessments are assessed
4 in four quarterly installments. As you can see
5 up above, on the line that says "Fiscal Year
6 2020", the total of that is "\$5,230,056", \$10,000
7 is recovered through Energy Service. And, so, it
8 nets out to "5,220,056". That's in base
9 distribution rates.

10 Q So, you're down in sort of below the footnotes on
11 the left-hand side of the page, is that right?

12 A (Menard) Yes. In that Footnote (A), --

13 Q Okay.

14 A (Menard) -- that says "Fiscal Year 2020".

15 Q And those figures, they're all over a million,
16 and three of them are roughly 1,393,000, those
17 were actual bills, if you will, from the PUC to
18 the utility, is that right?

19 A (Menard) Yes.

20 Q Okay. And that amount, as we established, is
21 included in the base distribution rates from the
22 last rate case?

23 A (Menard) Yes.

24 Q And, up above, if I'm not mistaken, on Line 3,

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 that monthly amount of "435,000", that's an equal
2 distribution over twelve months, in other words,
3 435,000 times twelve months gives you that \$5.2
4 million figure, is that right?

5 A (Menard) It should, subject to check, yes.

6 Q Sure. And, so, what are the amounts above it, on
7 Line 2? I guess I'm confused why the Company
8 wouldn't just book 435,000 every month, and then
9 there would be nothing to reconcile? Could you
10 explain that please?

11 A (Menard) There is a lag between when we receive
12 the quarterly installation invoices -- the
13 quarterly installment invoices, and when the
14 costs are booked. And I believe that difference
15 is what you're seeing in Lines 2 and 3.

16 Q And yet, the "464,000" that's on Line 2 on
17 Exhibit [Bates Page?] 31, and actually starts on
18 October of Exhibit [Bates Page?] 30, it looks
19 like that same number was booked for eleven
20 straight months. So, if invoices are coming in
21 quarterly, why wouldn't that number have changed?

22 A (Menard) So, what happens is, the first invoice
23 that we get is always a different number than the
24 remaining months. As you can see on Bates 030,

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 in that Footnote (A), Item 1, the first
2 installation payment is a different amount than
3 the second, third, and fourth. I'm not sure why
4 it happens that way, but it does. And, so, that
5 would be why the -- why there's eleven months of
6 all the same number.

7 Q And what period exactly from the assessments are
8 we trying to collect in this docket through that
9 \$468,000 reconciliation amount that we talked
10 about earlier, --

11 A (Menard) So, the --

12 Q -- as far as the assessment goes? I understand
13 that's a bulk number of assessment and
14 consultants.

15 A (Menard) Right. So, for the assessments, in base
16 distribution rates, it was based on fiscal year
17 2020 assessments. And we now know what the
18 fiscal year 2020 assessments are, and so it's
19 reconciling those amounts.

20 For the consultant costs, --

21 Q Well, let's just stick with the assessment right
22 now, if you don't mind.

23 A (Menard) Okay. Sure.

24 Q So, we don't -- it doesn't confuse me, and I'm

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 sure you won't get confused, but --

2 A (Menard) Yes.

3 Q So, fiscal year 20 -- fiscal year 2020, what
4 months are those? I always get confused with
5 "fiscal years".

6 A (Menard) I believe it starts in August or
7 September. I think we get the first one in
8 August. I'd have to go back and look. Sorry, I
9 don't have that in front of me.

10 Q Would that be August of 2019 through, you know,
11 twelve months ending later in 2020, is that what
12 you think?

13 A (Menard) Yes. So, --

14 CHAIRWOMAN MARTIN: Mr. Dexter, can I
15 just interject a question, so I don't forget it
16 later?

17 MR. DEXTER: Certainly.

18 BY CHAIRWOMAN MARTIN:

19 Q When you say "fiscal year", what are you
20 speaking, in reference to whom or what?

21 A (Menard) So, the Company gets assessed and sent
22 invoices in August, I believe it's August, but I
23 can confirm, we are provided with a bill. And it
24 lays out what the next -- the four quarterly

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 payments are expected to be for the fiscal year.

2 Q Is it the state's fiscal year you're referencing?

3 A (Menard) I'm assuming, yes.

4 CHAIRWOMAN MARTIN: Okay. Thank you.

5 **BY THE WITNESS:**

6 A (Menard) So, I am not sure if it starts on
7 September 1st. I believe we get the first new
8 set of numbers that's due on August 15th, subject
9 to check. I could be wrong, but I think that's
10 roughly the timeframe we get them.

11 BY MR. DEXTER:

12 Q When we get to, on Bates 031, the right-hand
13 column, as far as the assessment goes, I see a
14 credit of "\$23,000" in the far right, where it
15 says "RRA Total". That's what's being proposed
16 for reconciliation regarding the assessment in
17 this docket, correct?

18 A (Menard) Yes.

19 Q And, so, if we went back to Bates Page 026, we
20 don't have to, because the same number is right
21 here on Line 12, the number we saw on Bates Page
22 026 for this first line item of RRA was "468,000"
23 that we see on Line 12, correct?

24 A (Menard) Correct.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q But we've demonstrated, I believe, that the
2 overwhelming majority of this reconciliation is
3 not, in fact, with the assessment, but with the
4 consultant costs?

5 A (Menard) Correct. Because, when we set the base
6 distribution rates, we were able to, because of
7 the timing of when we know what the annual
8 assessment fees are going to be, we're able to
9 set what's in the revenue requirement according
10 to what was the -- the invoices that we knew of
11 that were coming. So, there wasn't as
12 significant of a reconciliation for regulatory
13 assessments.

14 Q Okay. So, let's turn to the consultants now. It
15 looks like the Company is seeking to collect
16 \$491,000 in consultant costs through the RRA for
17 this Line 1, the first line component of the RRA,
18 is that right?

19 A (Menard) Yes.

20 Q Right. And you indicated that this one is not
21 just the calendar year, but this, in fact, goes
22 back into 2019. Was that right?

23 A (Menard) Yes.

24 Q And specifically, or exactly, what month are we

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 seeking to collect here in 2019 and 2020?

2 A (Menard) The entire calendar year for 2019. As
3 you can see on red Bates 028 -- red Bates 030,
4 you will see the -- beginning in January of 2019,
5 Line 6 through Line 11, so, it's "\$49,000" of
6 2019 expense. And then, on red Bates 031, it's
7 "\$443,000" for the calendar year 2020.

8 Q And I believe in the footnote, it says, quoting
9 from the Settlement, that the Parties agree that
10 there were none of these consultant costs
11 included in base rates, is that right?

12 A (Menard) Yes.

13 Q So, the proposal here is to collect the full two
14 calendar years?

15 A (Menard) Correct. Mr. Dexter, I think you might
16 be on mute.

17 Q I'm sorry. So, if I were to turn to the
18 Settlement, which is not an exhibit in this case,
19 but it's an exhibit in the rate case, let me see
20 if I can find it. I'm at Section 9.1 of the
21 Settlement in the rate case, Section 9 is
22 entitled "Annual Regulatory Reconciliation
23 Adjustment Mechanism". 9. -- Section 9.1(a)
24 talks about the assessments and the consultants.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 And, towards the end of that section, it says
2 "The Settling Parties acknowledge that current
3 base distribution rates do not include any costs
4 associated with consultants hired or retained by
5 the Commission, Staff, or OCA, and that any costs
6 incurred within the calendar year shall be
7 included in the RRA for recovery in the year
8 following the year in which they are incurred."

9 Would you agree that the language of
10 this Settlement would seem to allow for the RRA
11 to include one calendar year of consulting costs,
12 and not multiple years?

13 A (Menard) Yes. I would agree that's the intent
14 going forward. Like I said, the first year of
15 the RRA, because of the -- because of the amount
16 of time that it took to settle the rate case, you
17 know, we were two years outside of the test year.
18 So, yes. Going forward, it should be aligned of
19 one calendar year recovered and reconciled in the
20 next calendar year.

21 This is the only component of the --
22 well, there's two components where it's a little
23 bit off from the calendar year. But, yes.

24 Q Two components of what?

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 A (Menard) The RRA. Two components within the RRA
2 where it's not an exact calendar year
3 reconciliation.

4 Q Okay. But you would agree that, for this
5 component, the Settlement allows one calendar
6 year?

7 A (Menard) Yes.

8 Q And you had mentioned, and you mentioned earlier,
9 that these costs are recoverable, based on the
10 statutes that you cited, that's the Company's
11 position, and Staff -- the DOE doesn't dispute
12 that. How, if not recovered through this RRA as
13 laid out in the Settlement, how would the Company
14 propose to recover these second year of costs,
15 which I believe, under the analysis, would be the
16 2019 costs?

17 A (Menard) I would propose the Company would make a
18 separate stand-alone filing to recover these
19 costs. And, so, in the absence of doing that,
20 and causing more administrative work, and we have
21 this mechanism now, the Company just felt that it
22 was a natural fit to include the first year of
23 the -- the 2019 costs within the RRA for --

24 Q And the Company's position is that that

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 stand-alone filing would not violate or
2 contravene the terms of the Settlement in the
3 rate case, that specifically provided for RRA,
4 for the consultant costs in the RRA?

5 A (Menard) If the Company were to file a
6 stand-alone filing, then, in the Settlement
7 Agreement, there is some language, and you can
8 see it on red Bates 031, in Footnote (A), as you
9 were -- you were talking about the Section 9.1(a)
10 language from the Settlement Agreement, since
11 it's not an exhibit in this case, that language
12 is written here. The last sentence in that
13 paragraph states "To the extent any such costs
14 are recovered through another rate or method,
15 they shall not be covered through the RRA."

16 So, if we were to make a stand-alone
17 filing for the 2019 costs, they would not be
18 included in this, this particular filing for
19 calendar year 2020.

20 I'm not sure if that answered your
21 question.

22 Q You indicated that the rate case was delayed, and
23 therefore the consultant costs I guess were
24 greater than ordinarily would have been expected.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 These consultant costs were not related to the
2 rate case, correct?

3 A (Menard) No. They were delayed in terms of
4 recovery. So, if we had, you know, if we had
5 received a decision on the rate case, you know,
6 maybe earlier in -- maybe in 2019, we would have
7 had our first RRA, maybe in 2020, and so then it
8 would be a more timely recovery window. But,
9 because we didn't get an order and complete the
10 case until the end of 2020, there was a lag.
11 And, so, these consultant costs had been
12 deferred.

13 Q But, even under a normal suspension period, not a
14 COVID suspension period, this case, 19-057, would
15 never have been expected to have been completed
16 in 2019, would you agree?

17 A (Menard) Right. It would have been probably
18 completed in 2020. But, again, I don't know when
19 we would have filed for the first RRA, when would
20 our opportunity have been for the RRA. I just
21 know that these costs were not included in base
22 rates. They were not included in recoupment.
23 They're allowed to be recovered. We had this
24 mechanism. And, so, the Company is proposing to

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 flow it through here.

2 Q There is a schedule, I have to go back to your
3 exhibit, just give me a moment. I think it's
4 Bates Page 028, but give me a moment.

5 Or, actually, Bates Page 032, in
6 Exhibit 3, where you detail the costs by
7 vendor/by invoice. Do you see that?

8 A (Menard) Yes.

9 Q There's a number of these costs that are
10 designated as "DE 17-136 2018 through 2020 EE
11 Plan". "EE" stands for "Energy Efficiency" Plan,
12 correct?

13 A (Menard) Yes.

14 Q Do you know why the Company did not include these
15 invoices in the EE budget that was decided over
16 the course -- the budgets that were decided over
17 the three-year course of DE 17-136?

18 A (Menard) We have historically not included energy
19 efficiency consultant costs within the Energy
20 Efficiency budget. I'm not --

21 Q Well, you would agree that in -- I'm sorry?

22 A (Menard) I'm not sure why that is. But, you
23 know, in our previous filings for consultant
24 costs, we have historically included energy

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 efficiency consultants as well.

2 Q You would agree that, in the EE budget, there are
3 all sorts of consultant costs, wouldn't you,
4 related to the Energy Efficiency Program?

5 A (Menard) I don't know the details of what's in
6 the budget. I would imagine they're related to
7 consultants that execute the program. These are
8 consultants hired by either the OCA or the PUC
9 for the dockets themselves and the proceedings
10 themselves. So, I'm not sure those get
11 forecasted into the Energy Efficiency budget.

12 Q Do you know of any reason why they couldn't be
13 collected through the Energy Efficiency budget?

14 A (Menard) Well, I guess they would have to be
15 knowable or forecastable. And, so, when we
16 file -- when we create the budget, it's a
17 forecast. I guess you could include, you know,
18 previous consultant costs.

19 You know, I guess that would be a
20 question for, you know, the larger group, since
21 it's a multi -- it's a statewide program.

22 Q Okay. I'd like to go to Bates Page 029 of
23 Exhibit 3. This -- could you explain what this
24 schedule is intended to show please?

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 A (Menard) Bates Page 029? Is that what you said?

2 Q Yes.

3 A (Menard) Bates Page 029 is -- it's setting the
4 forecasted revenues as a result of the rate that
5 we're calculating for this component of the RRA,
6 and projecting that out into the time period that
7 the RRA will be recoverable over.

8 Q Does this schedule have any impact on the rate
9 that's proposed for approval in this case?

10 A (Menard) No. This is just the forecast. So,
11 you'll see the "468" is the amount that's
12 included in the rate.

13 Q I actually don't see that. Could you explain
14 that please?

15 A (Menard) On Bates 028, the 468 is the portion
16 that is recovered -- that is calculated. And,
17 so, as we go along, and we reconcile that -- so,
18 468 is the under-collection, because we have, you
19 know, costs that are not being recovered
20 currently. The \$468,000 is incorporated into the
21 RR rate -- RRA rate. We calculate, you know,
22 what that rate's going to be. And then, over
23 time, you know, as we set that rate, and as sales
24 are higher or lower than our forecast, there's a

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 reconciliation that will happen against that rate
2 that was set. And, so, this schedule is setting
3 that up into the future. But it is not a part of
4 the actual August 2021 rate itself.

5 Q Okay. Thanks. I want to move to vegetation
6 management costs please. And, again, I'd like to
7 go back to the rate case Settlement. This is
8 Section 9.1(b). And I'm going to just paraphrase
9 here, and see if you would agree with me that
10 on -- that built into the base rates that were
11 set in that case was \$27.1 million in base rates,
12 and that the -- well, first of all, would you
13 agree with that? That, on an annual basis,
14 there's \$27.1 million in veg. management built
15 into the base rates that were set in the last
16 rate case?

17 A (Menard) Yes.

18 Q And, for purposes of the RRA, the idea is to
19 collect that 27.1 million, but there's also a
20 provision that costs in excess up to 10 percent
21 could be collected through the RRA, is that
22 right?

23 A (Menard) Yes.

24 Q And that any underspending gets credited back

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 through the RRA or could be credited towards a
2 future -- like deducted from a future VMP budget,
3 veg. management budget. Is that essentially how
4 it works?

5 A (Menard) Or added.

6 Q I'm sorry?

7 A (Menard) If there's an underspend, it could be
8 added to the next year's budget.

9 Q No, I thought it would be deducted from the next
10 year's budget? In other words, you've already
11 collected it, so, therefore, we're going to take
12 it off the next year's budget. Do I have that
13 accurate?

14 A (Menard) I'd have to reread the language. Do you
15 have the particular section that you're reading?

16 Q We can move on. It's going to be a long
17 afternoon, and I'm just trying to set that up.
18 Well, let me do this. I'll pull up the
19 Settlement and see if I can find that language.
20 We probably should clear this up. Just give me a
21 moment.

22 A (Menard) And, on Bates Page 035, we've got some
23 language in there from the Settlement.

24 MR. FOSSUM: And I apologize for

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 interrupting. If you look at Bates Pages 014 and
2 015 of Exhibit 3, it quotes that section of the
3 Settlement.

4 WITNESS MENARD: Okay. Thank you.
5 Red?

6 MR. FOSSUM: Yes.

7 BY MR. DEXTER:

8 Q Yes. Those footnotes were too small for me to
9 read. So, I had to go back to the original
10 Settlement document. Which I now have in front
11 of me. I'm on Page 15 of that.

12 A (Menard) Right.

13 Q And that --

14 A (Menard) So, that is what I think I was referring
15 to. So, I thought you had said, and maybe I
16 misunderstood you, and, if so, I apologize, you
17 said an under-collection be credited -- to be
18 credited or charged to customers -- it says,
19 sorry, "The over- or under-collection shall be
20 credited or charged to the RRA on August 1st of
21 the following year. The Company may request
22 transfer of unspent amounts to the subsequent
23 year's Vegetation Management Program budgets."

24 Q So, what does that second sentence mean then?

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Maybe I've misunderstood that.

2 A (Menard) So, I believe if -- there's an annual
3 filing that is made to set the next year's
4 budget. So, in November, we make a filing that
5 says "this is how much we're going to have for
6 the plan in the coming calendar year."

7 At that time, if there was an
8 underspend in the current year's Vegetation
9 Management Program, I think this means that the
10 Company can request transfer of an amount into
11 the next year's program.

12 Q Okay. I understood -- I understand now. Thank
13 you. And the very next sentence in the
14 Settlement gets to what I wanted to talk about
15 next, which is that there are four veg.
16 management elements contained in that 27.1
17 million. Could you explain what those four
18 elements are, just briefly? Or just name them,
19 you don't have to --

20 A (Menard) Oh, I can name them. I want to say, you
21 have the expert right here.

22 But, yes. The four components are ETT,
23 Hazard Tree Removal, right-of-way clearing, and
24 SMT, which is "Scheduled Maintenance Trimming".

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q Well, maybe I will ask the expert to give a
2 sentence on each of those please, because the
3 acronyms are confusing.

4 A (Menard) Okay.

5 A (Allen) Sure thing. Can you hear me? So, "SMT"
6 is "Scheduled Maintenance Trimming". That would
7 be our normal cycle trimming that we do every
8 year, approximately 20 to 25 percent of the miles
9 is trimmed 8 feet to the side, 10 feet below, and
10 15 feet above the primary is our maintenance zone
11 for that particular type of trimming.

12 "ETT" stands for "Enhanced Tree
13 Trimming". Enhanced tree trimming we do on
14 backbone sections of our line. "Backbone" is
15 defined as "from the source", usually the
16 substation to the first protection device. We
17 would trim that eight feet to the side, and then
18 ground-to-sky, depending upon the amount of
19 equipment -- or, the size of the equipment we can
20 get there and the size of the tree. Where we try
21 and get completely overhang -- all overhang
22 removed above the primary line, when we can. And
23 that's, obviously, also within the customer or
24 the property owner's realm as to say whether we

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 can get that clearance or not.

2 "Hazard Tree Removal", while we are out
3 there doing our SMT, looking at the work to be
4 done, we identify and assess trees that don't
5 like they will make it through that four- to
6 five-year cycle that we're on. We talk to the
7 tree owner and see if it's all right to take
8 those trees down. We then present that list to
9 our local arborist for Eversource, who rides the
10 trees -- or, drives by the trees, assesses them
11 himself, and decides whether they need to come
12 down, based on their location, the species, the
13 health, and also the amount of customers that
14 might be impacted by a failure.

15 And, lastly, "full-width clearing of
16 right-of-way", in the past, has come right
17 through from the beginning of REP program, and is
18 still part of our program, and that is reclaiming
19 the original easement's width of the
20 right-of-way, by cutting all the brush and
21 removing any trees that in that original easement
22 width.

23 Q Thank you. And I think those explanations were
24 helpful.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 So, to focus back on this docket, if I
2 were to go back to Exhibit 3, on Bates 033 and
3 035, I see a figure of a credit of "\$3,347,033"
4 that's proposed to be passed back to customers
5 through the RRA for veg. management, is that
6 correct?

7 A (Allen) Yes.

8 A (Menard) Can you -- did you say the "3,482"
9 number? Is that what you said?

10 Q No. The number I see on Bates Page 035, and I
11 think it's on Bates Page 033 also, is
12 "\$3,347,033"?

13 A (Menard) Okay. So, let me -- can I just clarify?
14 So, for 2020, we have to think of vegetation
15 management in two programs, two buckets. One is
16 January through June, and then the second is July
17 through December. So, the January through June
18 amounts, you can see that on Lines 5, 6, and 7,
19 on Bates 035. You can see an overage of 135,000
20 there. So, the January through June amounts were
21 incorporated into recoupment. So, those are not
22 part of this RRA filing, this RRA rate.

23 So, if we look at July through
24 December, it's the "3,482,426" that is being

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 recovered through the RRA. I just wanted to --

2 Q Thanks for that correction. Yes, I picked up the
3 wrong number.

4 I want to go just quickly to Exhibit 3,
5 Bates 016, because that talks about a period
6 starting August 1st, 2020 and ending July 31,
7 2020 [December 31st, 2020?], which strikes me as
8 a five-month period. And I want you to tell me
9 if that first question on Bates 016 needs to be
10 corrected or am I misunderstanding something?

11 A (Menard) No, I think you are right. It should be
12 "July". Apologize. I don't know how we didn't
13 catch that earlier.

14 Q So, the reconciliation period, as you said a
15 number of times, goes from July 1st to December
16 31st, 2020, for purposes of veg. management in
17 this docket?

18 A (Menard) Yes.

19 Q Okay. So, let's then go back, with that
20 correction, let's go back to Exhibit 3, Page 35.
21 And, again, what we're trying to do here, as we
22 established, is to figure out what was spent, and
23 compare that to what was included in base rates,
24 and reconcile the difference. Is that right?

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 A (Menard) Correct.

2 Q And we had talked about \$27.1 million being
3 included in base rates as the result of the
4 Settlement, and that it was made up of those four
5 items that Mr. Allen just talked about. Is that
6 right?

7 A (Menard) Yes.

8 Q And yet, in that box that you pointed us to
9 earlier, on Bates 035, I see a budget of "\$6
10 million", and I understand that's six months.
11 And, if I go to the left of that box, I see
12 another budget of "\$6 million", I'm on Line 6
13 here, I guess, or 5 -- 6. So, that's 12 million.
14 I understand that the six months was taken care
15 of in another proceeding, the first six months.
16 So, we're only dealing with the last six months
17 in this case. But I don't understand the
18 difference between those budget figures of 12
19 million, versus what the Settlement says is built
20 into base rates, 27.1 million. Can you explain
21 that please?

22 A (Menard) Sure. On the very last paragraph on
23 Bates 035, there's some language from the
24 Settlement Agreement, and specifically from the

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 RRA section related to veg. management. And
2 you'll see there's a sentence that's bolded,
3 which is the second to the last sentence in that
4 last paragraph. And it says "The first RRA shall
5 recover any over/under recoveries for the July 1,
6 2020 to December 31, 2020 vegetation management
7 program associated with activities related to
8 ETT, Hazard Tree Removal, and right-of-way
9 clearing consistent with the expenditures noted
10 in the extension of the Temporary Rates
11 Settlement Agreement as described in the Staff's
12 March 24th, 2020 letter in this docket. The
13 first full year of the 27.1 million total
14 vegetation management program reconciliation
15 shall begin in the 2021 annual reconciliation."

16 Q So, if I understand what this footnote means, is
17 that this first reconciliation is partial in two
18 sense. One, it's partial in that it's only going
19 to cover six months, the last six months of 2020.
20 And it's partial in the sense that SMT, Scheduled
21 Maintenance Trimming, is not delineated in that
22 footnote. Is that -- would those two factors
23 make up the difference that I'm looking for?

24 A (Menard) Yes. And, if you, you know, if you

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 think back to where we were during our rate case,
2 there was an extension due to the pandemic. So,
3 we extended the Temporary Rate Settlement period.
4 And Vegetation Management Program continued, you
5 know, needed to know what the -- what the amount
6 was to spend for the second half of the year.
7 So, the intent was to extend the agreement that
8 was part of the Temp. Settlement Agreement, which
9 was a \$6 million budget for the first half of
10 2020, extended that for the second half of 2020.
11 And, so, therefore, the 27.1 million that's in
12 base rates really begins when the new rates went
13 into effect on January 1st, 2021.

14 Q And the new rates went into effect January 1st,
15 2021, as a result of the rate case
16 implementation, correct?

17 A (Menard) Yes.

18 Q But, through the process of recoupment, those
19 rates are essentially in effect back to the date
20 of the temporary rates, which was July 1st, 2019.
21 Would you agree?

22 A (Menard) Except for this part. The second half
23 of 2020 was not included in recoupment, because
24 at the time the expenditures were not known. So,

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 this provision was made in the Settlement
2 Agreement to care for and explain how we would be
3 caring for the second half of 2020 vegetation
4 management expenses.

5 Q Okay. Well, let's put that question aside,
6 because I want to go back to SMT not being
7 included in here. There is a schedule in the
8 docket here in this case that shows SMT for 2020.
9 And I believe it's Exhibit 1, Bates Page 068.
10 So, can we turn to that for a minute?

11 CHAIRWOMAN MARTIN: Mr. Dexter, can you
12 say the Bates Page again please?

13 MR. DEXTER: Yes. It's Exhibit 1,
14 Bates Page 068. It's a chart with a lot of black
15 ink and yellow highlights.

16 WITNESS MENARD: I apologize. You said
17 Bates Page what again? Eighteen?

18 MR. DEXTER: Exhibit 1, Bates 068.

19 WITNESS MENARD: Sixty eight (68).

20 Okay. Sorry.

21 BY MR. DEXTER:

22 Q And I probably should have given you the title of
23 the chart, rather than the color. It says "Table
24 1. Summary of Eversource's 2020 Planned versus

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Actual Vegetation Management Program Costs". Do
2 you have that in front of you?

3 A (Menard) I am getting there. Sorry.

4 Q Okay. No. No problem.

5 A (Menard) Yes.

6 Q So, we've been talking about the figure of
7 "3,482,426" as being included in this RRA filing.
8 And I find that figure in the bottom right-hand
9 corner on the left side of the chart, under "July
10 through December Subtotal Variance". Do you see
11 that?

12 A (Menard) Yes.

13 Q And that's the same number we've been talking
14 about, in other words, that's the over -- or, the
15 underspend -- or the over -- I guess the
16 underspend related to the three elements of tree
17 trimming, other than Scheduled Maintenance
18 Trimming. Is that right?

19 A (Menard) Yes.

20 Q And, so, if I go to the top part of the page, I
21 see a figure of "\$774,554". That appears to be
22 the underspend related to Scheduled Maintenance
23 Trimming. Is that right?

24 A (Menard) Yes.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q How, if at all, does the Company propose to pass
2 that underspend back to customers, because we've
3 established that it's not in this RRA?

4 A (Menard) It is not proposed to be passed back to
5 customers for 2020.

6 Q I didn't hear the last part of your sentence, I'm
7 sorry?

8 A (Menard) For 2020.

9 Q Is it proposed to be passed back at all?

10 A (Menard) No.

11 Q And why is that?

12 A (Menard) Well, according to the Settlement
13 language, the reconciliation, which is the 27.1
14 million, begins in 2021.

15 Q Prior to the establishment of RRA, how would an
16 underspend in SMT be handled?

17 A (Menard) It wouldn't have been. It was not part
18 of the Reliability Enhancement Program. And, so,
19 it would not have been -- it would have been just
20 like any other expense that the Company incurs.
21 Some portions of the Company's expenses are
22 higher or lower, but outside of -- within a rate
23 case period, you know, there is no means for
24 returning over-/under-collections back to

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 customers.

2 So, SMT was historically not part of
3 REP, was not part of any sort of reconciling
4 mechanism. So, it was treated just like any
5 other distribution expense. And it would not
6 have been passed back or collected from customers
7 for any variance.

8 And, so, essentially, what the Temp.
9 Settlement Agreement did was it bridged the old
10 REP program, the old Reliability Enhancement
11 Program, to the new rates, where we now factor in
12 SMT as part of Vegetation Management Program
13 expense.

14 Q And, for SMT, that will start with calendar year
15 2021?

16 A (Menard) Yes.

17 Q Okay. Well, let's go back to Exhibit 3, Bates
18 035. And, so, in Footnote -- well, I don't know
19 if it's a footnote, but I guess it's -- I don't
20 know if it's quoting the Settlement or what, but
21 below the chart there's something that's labeled
22 "6.1", and it gives the breakdown of the 27.1
23 million into the various components, the four
24 components that we talked about. Would you

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 agree?

2 A (Menard) Yes.

3 Q If I were to add up the three components that are
4 covered in the chart up above, I get a total
5 of -- I thought I had it, maybe I didn't. I'm
6 going to add 11.6 million for ETT, Enhanced Tree
7 Trimming, and tree removal, and I'm going to add
8 1.5 million for right-of-way clearing, I get
9 13.1 million. So, that's the amount of -- of the
10 27.1 annual budget that's related to things other
11 than SMT. Would you agree?

12 A (Menard) Yes.

13 Q And, if I were to divide that number by two, for
14 six months, I get a figure of 6,555,000
15 [6,550,000?]. Would you agree with that?

16 A (Menard) Yes.

17 Q When I look up at the chart, on Line 5 or 6, I
18 see that you've got a budget there of "6,000,000"
19 for these three items, not 6,555,000 [sic]. Can
20 you explain why that is?

21 A (Menard) Yes. As I explained earlier, 2020 was
22 operating under an extended Temporary Settlement
23 Agreement, where the budgets for the first half
24 of 2020 was set at 6 million. The extension

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 extended that \$6 million for the remainder of the
2 year.

3 CHAIRWOMAN MARTIN: Mr. Dexter, you're
4 on mute.

5 MR. DEXTER: Sorry.

6 BY MR. DEXTER:

7 Q When I asked earlier, through the phenomena of
8 recoupment, whether or not the 27.1 million
9 that's built into base rates going forward was
10 really in effect back to July 1st, 2019, the date
11 of the temp. rates, I think your answer was "no,
12 it wasn't, because there was something that
13 happened in the recoupment calculation to account
14 for this." Could you explain that again please?

15 A (Menard) So, the recoupment calculation, it
16 factored in the variance for the first half of
17 2020. And I'm sorry, I'm going to have go back
18 and think.

19 I think it incorporated -- it might
20 have been for the entire 12-month period for 2019
21 and 2020, but there was an adjustment made in
22 recoupment to adjust Vegetation Management
23 Program expenses through June of 2020.

24 Q That's right. You had said, and we put that

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 aside. We put aside January through June,
2 because you said that was covered in the
3 recoupment.

4 But I don't understand then why, if the
5 purpose of recoupment is to, you know, pretend
6 that the rates that are finally approved have
7 been in effect back to the date of temporary
8 rates, which is July 1st, 2019, and we've
9 established that that includes 27.1 million for
10 veg. management, and we've established that 13.1
11 of that is for these three items, why that budget
12 on this sheet is not 6,550,000, instead of
13 6,000,000?

14 A (Menard) Because we were operating under the
15 Temporary Settlement Agreement, which explicitly
16 called out vegetation management expense.
17 Because, as I said, vegetation management was
18 under the Reliability Enhancement Program for
19 those three programs.

20 As of January 1st, 2019, the
21 Reliability Enhancement Program ended. And the
22 language or the agreement, as part of the
23 temporary Settlement Agreement, was that there
24 was a specific amount of money allocated to

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Vegetation Management Program spending. And that
2 was reconciled in recoupment, because it went
3 back to, you know, the Temp. Settlement period,
4 and then that period ended -- or, was recovered
5 through recoupment, and it ended with the time
6 period of June 30th, 2020.

7 Q Well, recoupment, I hate to say "simply", because
8 there's nothing simple about recoupment, but my
9 understanding of recoupment is, is if you -- you
10 make believe that the rates that are ultimately
11 approved, that went into effect at the end of the
12 case, you make believe that those were in effect
13 at the date of the temporary rates. And, so,
14 essentially, through mathematics and ratemaking,
15 the Company collects the full rate increase back
16 to the date of the temporary rates. And I
17 think we've established that that includes the
18 21.7 [27.1?] million, minus the first six months
19 that were taken care of through some other
20 adjustment, but I'm not asking you about that.

21 I don't -- I guess I don't have a
22 question. I'm just sort of -- I'm just sort of
23 rambling by way of summing up. But I will move
24 on.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 CHAIRWOMAN MARTIN: Mr. Dexter?

2 MR. DEXTER: Yes.

3 CHAIRWOMAN MARTIN: You said "21.7".
4 Did you mean "27.1"?

5 MR. DEXTER: "27.1", Chairwoman. Thank
6 you. I've been making that mistake all week.

7 But I'm going to move on to the next
8 topic.

9 MR. PATNAUDE: Could we possibly have
10 a break, at a good time?

11 *(Brief off-the-record discussion*
12 *ensued.)*

13 CHAIRWOMAN MARTIN: Mr. Dexter, is now
14 a good breaking point?

15 MR. DEXTER: Yes, because I was going
16 to move into property taxes. So, yes. This
17 would be an excellent break point.

18 CHAIRWOMAN MARTIN: Okay. We'll return
19 at 3:10. Off the record.

20 MR. DEXTER: Thank you.

21 *(Recess taken at 3:00 p.m. and the*
22 *hearing resumed at 3:14 p.m.)*

23 CHAIRWOMAN MARTIN: Okay. Let's go
24 back on the record. Mr. Dexter.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 MR. DEXTER: Thank you, Madam
2 Chairwoman.

3 BY MR. DEXTER:

4 Q I had indicated that I wanted to move next to the
5 area of property taxes. I'd like to direct the
6 witnesses' attention to Exhibit 4.

7 And my first question is, would the
8 witnesses agree that the mechanism for recovering
9 property taxes contained in the IRA -- RRA was in
10 response to somewhat recent legislation passed
11 regarding recovery of utility property taxes and
12 valuation of utility property?

13 A (Menard) Yes.

14 Q And would you agree that the valuation formula
15 that's contained in the statute, this is RSA
16 72:8, Parts (d) and (e), I mean Part (d)
17 specifically, that the valuation method that's
18 set forth in that statute applies to
19 municipalities?

20 A (Menard) I don't have it in front of me, but I'll
21 agree subject to check.

22 Q Okay. And there is nothing in that statute that
23 sets up a new method or a different method for
24 valuation for the State of New Hampshire, with

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 respect to utility property. Would you agree
2 with that?

3 A (Menard) Yes.

4 Q And would you agree that the statute does not
5 include all of the property that a utility, such
6 as Eversource, owns, but that there are certain
7 exclusions, for example, office buildings? Would
8 you agree with that?

9 A (Menard) I'm not close enough to know the answer
10 to that. I apologize.

11 Q Does the collection methodology that's proposed
12 here by Eversource make any exclusions for either
13 taxes that are levies by the state or for any
14 excluded property, to the extent there is any,
15 such as office buildings?

16 A (Menard) No.

17 Q And why is that?

18 A (Menard) You're talking about the Settlement
19 Agreement in the rate case that established the
20 RRA?

21 Q Well, yes. I guess I am, yes.

22 A (Menard) It was a settlement agreement. So, I'm
23 not -- I don't know that we got into the details
24 at that level.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q Okay. Well, I wouldn't want you to get into the
2 details of the Settlement. But let me just
3 phrase it a different way. You're understanding
4 then is that the mechanism that came out of the
5 rate case was designed to be sort of an
6 all-inclusive recovery mechanism for property
7 taxes, without any exclusions?

8 A (Menard) Yes.

9 Q But, having said that, I think there is one
10 exclusion. And let me go to Exhibit 3, Bates
11 038, where I believe property taxes on
12 transmission is excluded. Would you agree with
13 that?

14 A (Menard) Bates 038? So, the RRA, as defined in
15 the Settlement Agreement, reconciles property
16 taxes, distribution property taxes, between the
17 amount that's in base distribution rates and any
18 actuals.

19 Q And, so, the reason for the exclusion on Line 2,
20 on Bates 038, is that that's not distribution
21 property, that's transmission property?

22 A (Menard) Correct. Yes.

23 Q But, otherwise, it's intended to including
24 everything?

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 A (Menard) Yes.

2 Q Okay. There's a base amount figure listed in the
3 rate case Settlement, "\$45,186,407", that also
4 appears on Bates 038 of Exhibit 3. Could you
5 tell me where that number came from?

6 A (Menard) The \$45 million was the basis for the
7 property tax amount that is included in base
8 distribution rates. And it's calculated as -- I
9 believe it was December of 2019 property tax
10 bills, which would -- we use as the estimate for
11 the 2020 property tax expense. And there were
12 some adjustments to that number to exclude
13 amounts that are allocated to construction work
14 in progress. I think that was all. I'd have to
15 go back and look. But there was an estimate of
16 what property tax expense was going to be, and
17 the basis of that was the December 2019 tax
18 bills.

19 Q Was the 2019 numbers. And, so, the comparison
20 then that's made on Exhibit 4 brings that up to
21 2020 numbers? In other words, is that the idea,
22 to do these on an equal basis, just updating for
23 one year?

24 A (Menard) Yes. And, actually, it was based on

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 2019 bills, but it was to try to estimate the
2 2020 year expense. So, there really shouldn't be
3 that much of a difference in the 2020 numbers.
4 We tried to use the latest information we had to
5 set the amounts. So, the first year there
6 shouldn't have been much of a variance.

7 Q Well, looking at Exhibit 4, you've got two
8 columns here, "PTY 2019", "PTY 2020", and then
9 you've got numbers next to all the various
10 municipalities in the State of New Hampshire that
11 you serve. Are these actual bills or estimated
12 bills?

13 A (Menard) They are actual bills for PTY 2019. But
14 the PTY 2020 I don't believe is actuals. I think
15 they're -- I think this is estimated.

16 Q Do you know when the PTY 2020 bills would be
17 received in the ordinary course?

18 A (Menard) They're received twice a year. We get
19 bills in June and December. So, I would imagine
20 June.

21 Q June of what year, for Property Tax Year 2020?

22 A (Menard) For Property Tax Year 2020, and I'm
23 sorry, I'm going to get confused, because this
24 always confuses me with the different tax years.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 So, let me see.

2 So, in our 2020 calendar year numbers,
3 we would have, let's see, fiscal year 2020 is
4 nine months of April through December of 2019,
5 and then three months of January through March of
6 2020.

7 Q Well, I don't mean to interrupt, but I'm going
8 to, unless you want to say something else,
9 because I want to try to speed this along, if I
10 can.

11 The Column D, which is the one that --
12 which is the one that ends up affecting the
13 rates, that is labeled "Calendar Year 2020",
14 right?

15 A (Menard) Yes.

16 Q And, so, the previous two columns seem to be some
17 sort of a fractionalization method of coming up
18 with your actual property taxes for 2020, right?

19 A (Menard) The way that -- so, for the RRA, we took
20 the amounts that were booked, on the books, it's,
21 you know, purely books and records. And, so, the
22 way that it's handled is the property tax bills
23 come in twice a year. And, so, there's an
24 estimate that's calculated for the property tax

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 year April through March, and then it's
2 reconciled. So, the calendar year 2020 is a
3 hybrid of two property tax years. And that's why
4 you see it's a portion of 2019 and a portion of
5 2020 Property Tax Year.

6 Q But, as we sit here in July of 2021, is there any
7 reason that you would have estimated tax bills in
8 these columns, which ultimately get factored into
9 the RRA? Why wouldn't we just be dealing with
10 actual taxes at this point, if the idea is to
11 reconcile actual taxes to what's built into base
12 rates?

13 A (Menard) So, we do have actual taxes. So, what's
14 ultimately in the RRA is an actual number. But,
15 when we -- so, we were asked for a listing
16 town-by-town. So, we provided kind of what went
17 into the numbers on a town-by-town basis. And
18 then, you'll see, on Line 235, there is this
19 adjustment, "Property Tax Adjustment", and that
20 kind of does this true-up for anything where the
21 taxes were estimated, and then there's a
22 reconciliation that happens at the end of the
23 year.

24 But it's difficult to do it on a

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 town-by-town basis. So, the numbers that we had
2 available is what they use to book the numbers.
3 And they use them based on, you know, the
4 estimates that are given for each property tax
5 year.

6 Q Okay. Well, that's very helpful. You're saying
7 Line 235 takes us from what might be some
8 estimates, to some actual -- to actuals, so that
9 only actual amounts are included in the RRA. Is
10 that how I understood?

11 A (Menard) Yes.

12 Q Okay.

13 A (Menard) Yes.

14 Q Good.

15 A (Menard) Yes.

16 Q In the future, would it be difficult for
17 Eversource to produce this schedule, Exhibit 4,
18 but taking those adjustments that are at the
19 bottom, the four that are listed there, Lines 232
20 to 235, and breaking those out by town, so that
21 we could see what towns these adjustments related
22 to?

23 A (Menard) I believe we could probably do that.

24 Q Okay. That's great. I thought the answer was

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 going to be that you could for Lines 234 and 235,
2 but that, for 232 and 233, you might not be able
3 to?

4 A (Menard) Well, for 232 and 233, we will not be
5 able to.

6 Q Okay.

7 A (Menard) Yes. Sorry.

8 Q That's what I expected.

9 A (Menard) I thought you were talking about at the
10 town levels. Yes.

11 Q Okay.

12 A (Menard) You know, for 234, we can absolutely
13 break that out. And then, -- so, I was thinking
14 in my head you were talking about 235. I think
15 that can be done.

16 Of course, the Property Tax Department
17 will probably kill for me agreeing to it. But
18 I'm pretty sure it can probably be done.

19 Q Okay. If we go up to Exhibit 4, Bates Page 006,
20 on Line 193, I see a figure of just over \$8
21 million for the State of New Hampshire.

22 A (Menard) Yes.

23 Q If one were to interpret the Settlement as not
24 included including taxes related to the State of

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 New Hampshire, would simply excluding this line
2 from the calculation accomplish that goal of not
3 reconciling taxes paid to the State of New
4 Hampshire or would it be more complicated than
5 that?

6 A (Menard) I believe it's that simple.

7 Q You believe what, I'm sorry, I didn't hear you?

8 A (Menard) I believe it's that simple.

9 Q Okay. So, let's go back to the Settlement then
10 that set up the property tax mechanism for RRA.
11 And that's Section 9.1(c). And can you point to
12 me where in this Settlement it indicates that all
13 of the property taxes that the Company pays on
14 distribution property will be included in the
15 reconciliation rate?

16 A (Menard) What Bates Page are you referring to?

17 Q Well, I'm in the Settlement, and I know it's not
18 an exhibit, but it's Page 16 of the Settlement,
19 which I took from the rate case docket. And you
20 probably quoted it somewhere in your Exhibit 3,
21 because I think you included most of the quotes.

22 A (Menard) Okay. I think I'm going to go to Bates
23 016. Is that the right spot?

24 MR. FOSSUM: Yes. Bates Page 016 of

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Exhibit 3 has that.

2 WITNESS MENARD: And your question is?

3 BY MR. DEXTER:

4 Q Well, let me rephrase the question. The second
5 sentence in this clause says "Consistent with RSA
6 72:8-e, property taxes over- or under-recoveries
7 as compared to the amount in base distribution
8 rates shall be adjusted annually through the
9 RRA." We've already established, I believe, that
10 RSA 72:8-e implements RSA 78 -- 72:8-d, which
11 does not cover all property taxes. Would you
12 agree with that? That there were exclusions?

13 A (Menard) However, the \$45 million does include
14 State of New Hampshire.

15 Q Includes what, I'm sorry, I didn't hear?

16 A (Menard) State of New Hampshire. So, if you were
17 to go to the revenue requirement, it is included
18 in that number. And, so, you know, the language
19 in the RRA states that "property tax expenses as
20 compared to", you know, "the amount in base
21 rates", which does include that. So, I interpret
22 that to mean it is included.

23 Q But we don't have, in this docket, a breakdown of
24 that 45,186,407, do we?

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 A (Menard) Not in this docket. It is in --

2 Q Is it in the rate case docket?

3 A (Menard) Yes.

4 Q Would it be an attachment to the Settlement?

5 A (Menard) It would be in the revenue requirement
6 that was filed on January 22nd of 2021.

7 Q Would there be a backup to that number or just
8 that number?

9 A (Menard) There's a backup.

10 Q So, what was the date please?

11 A (Menard) January 22nd, 2021, the final Settlement
12 revenue requirement model. And, if you give me a
13 minute, I can find the exhibit.

14 Q You could find the what?

15 A (Menard) The exhibit.

16 Q That would be very helpful. So, you're talking
17 about an exhibit in 19-057?

18 A (Menard) Yes. Just about there. It's Attachment
19 EHC/TMD-31.

20 Q Could you say that again please?

21 A (Menard) EHC/TMD-31.

22 Q Okay. So, moving now to the fourth element,
23 which is "Lost Base Revenue on Net Metering". I
24 believe Ms. Ullram testified that these are

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 collected pursuant to a statute which allows for
2 recovery, is that right?

3 A (Ullram) That is correct.

4 Q And how has -- how have these lost base revenues
5 on net metering been recovered prior to the
6 implementation of the RRA?

7 A (Ullram) That was before my time. So, to be
8 honest with you, I'm not entirely sure. I'm not
9 sure if anyone else knows?

10 A (Menard) What was the question? Where did we
11 recover lost base revenue from net metering?

12 A (Ullram) Prior to it being recovered through the
13 RRA.

14 A (Menard) We didn't have a mechanism.

15 Q So, this is the first time for this recovery?

16 A (Menard) Yes.

17 Q Okay. You had mentioned, I believe it was Ms.
18 Ullram, that Exhibit 3 is an "updated version" of
19 a prior filing, well, maybe it was Exhibit 2, and
20 that the prior filing contained a formula error
21 with respect to LBR that was uncovered during a
22 tech session. Is that right?

23 A (Ullram) That is correct.

24 Q Could you explain the formula error, just

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 generally speaking?

2 A (Ullram) Yes. So, generally speaking, so, in our
3 exhibit, you said "Exhibit 2", when we were
4 calculating the estimated generation produced by
5 the customers, which starts on Page -- on Bates
6 Page 030, there's an allocation. So, if a
7 project went in service, let's say, in January,
8 we weren't giving the customers, you know, we
9 weren't calculating the estimated generation
10 output from that facility for the entire of month
11 of January, because, if it went in halfway
12 through, they wouldn't produce an entire month's
13 worth of generation on their system. So, what we
14 were doing was we were calculating a percentage.
15 So, if they went in, you know, halfway through
16 the month, then they would get 50 percent of the
17 total estimated net -- estimated generation for
18 the month.

19 So, what happened was, we had talked
20 with DOE Staff, and there was -- it actually
21 happened to be the first customer on the list in
22 there, and some of the customers in December of
23 that year, where the calculation wasn't picking
24 up that column that says "First Month

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Allocation". It wasn't picking up that column in
2 the formula. So, it was giving the first month
3 allocation as 100 percent, rather than something
4 less than 100.

5 Q And that affected just the month of December, is
6 that what you said?

7 A (Ullram) It was in the month of December, but
8 then it happened in one instance, that first
9 customer, ID Number 1, that was January of 2019.
10 And it was only -- it was only for 2019 that this
11 happened.

12 Q And, if I understand what you're saying then, by
13 reducing the full month to a portion of the
14 month, based on the date of installation, that
15 would have the effect of reducing the overall
16 lost base revenue requested. Is that correct?

17 A (Ullram) Correct. I think it was around \$200
18 difference.

19 Q Okay. Well, that might answer my next question.
20 So, with the update, we did not see a change in
21 the requested RRA rate as a result of that
22 correction. And could you explain why? And you
23 may have just explained why.

24 A (Ullram) Yes. So, it was because it was so

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 immaterial. That, when you're dividing through
2 by your sales, then allocating to each of the
3 rate classes, and then dividing through either by
4 sales and demand to set the rates, it was so
5 immaterial that it didn't move any of the rates.

6 Q If I go to Exhibit 3, Bates 026, where we started
7 this whole thing, on Line 4, there's the line for
8 "Lost Base Revenues due to Net Metering". And,
9 in the updated exhibit, it is listed as
10 "290,000", and it's highlighted in yellow. Would
11 you agree?

12 A (Ullram) What Bates Page? Did you say "039"?

13 A (Menard) Twenty-six.

14 Q Bates Page 026 of Exhibit 3.

15 A (Menard) Yes. It's highlighted.

16 A (Ullram) Yes.

17 Q The reason it's highlighted in yellow is because
18 this number was updated for the formula error, is
19 that correct?

20 A (Ullram) Yes. It was updated for the formula
21 error. Because it's a rounded number here, it
22 doesn't actually change the rounded number. But,
23 unrounded, the number did change to what is in
24 Exhibit 2, Bates Page 011.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q Okay. Fair enough. I'd like to talk for a
2 moment then about the Storm Cost Amortization.
3 And, if I go to Exhibit 3, Bates Pages 005
4 through 006, I see that, actually, on Page 6,
5 that the Storm Cost Amortization will carry --
6 have carrying charges applied at the embedded
7 cost of long-term debt. Do I understand that
8 correctly?

9 A (Menard) Yes.

10 Q And would you explain what that embedded cost of
11 long-term debt is for purposes of this RRA
12 docket?

13 A (Menard) I'm not sure I understand. It's the
14 Company's actual cost of long-term debt.

15 Q Right. So, my question would be, what's that
16 number? And then, how is it calculated?

17 A (Menard) Oh. Okay. If you go to Bates 047, it's
18 red 047, the Column (1) is the Company's cost of
19 long-term debt, which is updated on a quarterly
20 basis. You can see in Column (e) was the amount
21 that was used, that was available at the time,
22 that was our -- that's our cost of long-term debt
23 that's included in our cost of capital as part of
24 the rate case. And, so, we true that number up

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 with actuals. And, so, Column (l) is the actual,
2 and we compare that -- we compare with the change
3 in debt rates.

4 Q So, Column (e) is what's included in base rates,
5 at 4.3 percent, that's what was embedded in the
6 capital structure from the rate case?

7 A (Menard) Yes.

8 Q And Column (l) is the actual. So, it looks like
9 it's changed over time. Would you agree?

10 A (Menard) Yes.

11 Q And I count five different changes. Does that
12 mean that the Company has done five different
13 refinancings for long-term debt in one year?

14 A (Menard) No, no. This is -- we update using
15 actuals. So, we recalculate the cost of debt on
16 a quarterly basis. So, you use, you know, actual
17 numbers per book to calculate that cost. We
18 have --

19 Q Do you know why it would change five times in one
20 year?

21 A (Menard) It changes on a quarterly basis, based
22 on actual performance. So, you know, the actual,
23 you know, long-term debt expense declines as, you
24 know, as bond amounts are paid off. So, the

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 actual debt costs are always changing. And, so,
2 we recalculate this cost of debt every quarter,
3 and that's what those numbers represent.

4 Q Do you know if there were any refinancings
5 covered in this time period?

6 A (Menard) We did have a debt issuance somewhere in
7 there. I can't remember what was the actual
8 date. But there was a recent financing. I'm not
9 sure if it was a refinancing or if it was just a
10 financing. I'd have to go back and check.

11 Q All right. Does the filing contain any backup to
12 this Column (1)? So, if somebody wanted to check
13 the calculation, we could do that. Or is that
14 something we'd need to ask for?

15 A (Menard) We did not include that in the filing.
16 But we do -- I'm just trying to think. Is this
17 included in our Form F1 filing on a quarterly
18 basis? But we have the backup, and we can
19 certainly provide it, as needed. And I did just
20 confirm that we had a debt financing in August of
21 2020.

22 CHAIRWOMAN MARTIN: I'm just going to
23 interject and say that the Commission would like
24 to make that record request for the backup to

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Column (1) please.

2 *(Witness Menard nodding in the*
3 *affirmative.)*

4 MR. DEXTER: Well, Madam Chair, I don't
5 have any questions prepared. I'd like to discuss
6 with the analyst for a few minutes off the
7 record, if I could do that. I don't think it
8 would take more than five minutes, if I could
9 have a break till 3:50? Would that be all right?

10 CHAIRWOMAN MARTIN: That's fine. And,
11 after that, do you have additional questions on
12 other areas or are you wrapping up?

13 MR. DEXTER: No. No. That's all I
14 have. I've wrapped up. I just want to make sure
15 that they aren't trying to text me or phone me or
16 email me, or something else, pony express.

17 CHAIRWOMAN MARTIN: Okay. We will
18 recess until 3:50.

19 MR. DEXTER: Thank you.

20 CHAIRWOMAN MARTIN: Off the record.

21 *(Recess taken at 3:45 p.m. and the*
22 *hearing resumed at 3:54 p.m.)*

23 CHAIRWOMAN MARTIN: On the record. Mr.
24 Dexter.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 MR. DEXTER: Thank you. Just a few
2 more questions.

3 BY MR. DEXTER:

4 Q I'd like to go back to Exhibit 4, which is the
5 property tax schedule we were talking about. And
6 jump down to the bottom of that schedule,
7 Bates 007, there is a line for "Property Tax
8 Abatements", it says "Property Tax Abatements
9 (post-2018)", and the amount is "22,707".

10 My question is, is that all the
11 abatements that the Company had received since
12 2018? So, that would include 2019 and 2020, is
13 that right?

14 A (Menard) Yes.

15 Q And so, it does not include abatements for 2021,
16 is that correct?

17 A (Menard) Correct.

18 Q Sorry. I'm muted. That number, in comparison to
19 the total property taxes paid of about \$50
20 million, I think anyone would agree is small.
21 Can you explain for the record what efforts the
22 Company makes to achieve property tax abatements?

23 A (Menard) In general, the Company will dispute tax
24 bills if it feels that the basis for the

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 assessment is out of alignment with what the
2 Company feels is a fair assessment. We have had
3 several litigations surrounding property tax
4 assessments in a number of towns over the past
5 six, six plus years. And any sort of settlements
6 that we do receive would, after the test year,
7 would flow back to customers through this RRA
8 rate.

9 This particular RRA, the amount, I
10 think it included maybe 13 different towns, if I
11 went back and counted them all up, for
12 adjustments over various -- various towns for
13 various reasons.

14 So, there is a process to challenge
15 abatements. There is a -- it's called -- I think
16 it's the "BTLA", or maybe "BLTA", the "Board of
17 Taxation and Land Assessment", or something like
18 that, where the Company and the towns can come
19 together and have mediation or litigation, and
20 have decisions come out of that body for
21 assessments.

22 So, I think, recently, there was maybe
23 30 towns that we had a lawsuit with or litigation
24 with that resulted in some abatements. In the

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 past, we've had some large settlements with towns
2 surrounding generation divestiture, so, in
3 particular Bow and Portsmouth. But, you know,
4 absent Bow and Portsmouth, usually the
5 adjustments are fairly small.

6 Q So, I had asked you about "abatements", and
7 several times in your answer you mentioned
8 "adjustments", which, of course, show up on the
9 next line. Did you mean to say "abatements" or
10 were you talking about "adjustments" as well?

11 A (Menard) Abatements.

12 Q So, the test year for the recent rate case was
13 2018, correct?

14 A (Menard) Correct.

15 Q Do you know what the level of abatements was in
16 that year?

17 A (Menard) It was normalized to remove any
18 abatements.

19 Q Right. But do you know what the level was?

20 A (Menard) Not off the top of my head.

21 Q I'm just trying to get an idea of whether or not
22 this \$23,000 is typical or, you know, and if you
23 don't know, that's -- I understand?

24 A (Menard) I don't know. I'd have to go back in

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 and look. I don't want to give a wrong number.

2 MR. DEXTER: Okay. Thanks, Madam

3 Chair. That's all the questions I have.

4 CHAIRWOMAN MARTIN: Okay. Thank you,
5 Mr. Dexter. Commissioner Goldner.

6 COMMISSIONER GOLDNER: I just have a
7 few questions.

8 BY COMMISSIONER GOLDNER:

9 Q Does the Company foresee more or less spending on
10 reliability in the future? And the second part
11 of the question is, what factors would cause a
12 change in expenditures?

13 A (Lajoie) I would anticipate reliability spending
14 continuing at a similar rate to what's been going
15 on in the past. I don't see significant changes
16 either up or down.

17 What could cause significant changes?
18 Would be purely speculation on my part, but I
19 suspect if the Commission were to direct us to do
20 something different, that would be a driver that
21 would do that.

22 I don't see much on the radar within
23 the Company that would drive a significant
24 change, up or down, at the moment.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q Okay. Thank you. On the topic of vegetation
2 management, do you have benchmarking costs,
3 amount of work, trimming rules, etcetera, from
4 states with similar vegetation profiles?

5 I know it wouldn't do much good to look
6 at Arizona, but perhaps states with similar
7 profiles to New Hampshire. Do you go in and
8 benchmark other states and maybe help the
9 Commission understand a little bit how that --
10 more about how that works?

11 A (Allen) Well, as far as costs, we do benchmark
12 with other states. Certainly, being a
13 three-state company, we have the ability to have
14 those contract costs be assessed by our
15 Procurement Group and our Vegetation Management
16 group. We also have good relationships with the
17 other utilities in the area.

18 So, official benchmarking, as far as
19 cost, is hard to do. But we can certainly talk
20 in generalities about where the costs are. And
21 we feel comfortable that ours have been very,
22 very competitive.

23 Q How do New Hampshire's costs look, relative to
24 the other states that you manage?

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 A (Allen) In Eversource, I no longer manage in
2 other states, just New Hampshire. I had
3 Massachusetts for years. But our costs are lower
4 than Connecticut and lower than Massachusetts.

5 Q And is that related to the fact that New
6 Hampshire has lower labor rates or what's the
7 cause?

8 A (Allen) So, a couple things. I think, and I grew
9 up in Massachusetts and I've worked in
10 Connecticut. So, I will say this, I've been in
11 tree work for 43 years. And, if you'll allow me
12 this, that a lot of people in New Hampshire know
13 somebody who runs a chainsaw twelve months a year
14 and makes a living out of it. And a lot of
15 people in Connecticut and Massachusetts can't say
16 the same thing. So, I believe we have more
17 qualified people generally who are interested in
18 that field, and therefore the costs for labor
19 might be a little bit lower.

20 But, also, Connecticut and
21 Massachusetts have regulations regarding tree
22 wardens. Each state has to have a -- each town
23 has to have a tree warden. And those tree
24 wardens can be -- they require permits to let you

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 trim in town. New Hampshire does not have a tree
2 warden law currently. There are benefits to
3 having a tree warden, I'm not saying it's a
4 detriment. But that can cause some problems in
5 certain towns, as far as costs go.

6 The biggest driver for costs, and we're
7 seeing it every year get larger in New Hampshire,
8 is police detail costs. So, having traffic
9 control on roads that we don't really necessarily
10 think need an officer, and probably could get by
11 with a flagger or just a third person on a crew.
12 We are forced to have police details. And that
13 cost has gone up, I've been here twelve years,
14 and that cost has gone up every year. I'm all
15 for safety, I just don't know that that's the
16 right cost to put on us.

17 Q No, very good. I appreciate that. I noticed, in
18 some of the write-up, that there were some labor
19 challenges in the aggregate, in New Hampshire,
20 probably other states, too. Has Eversource
21 considered having training programs in high
22 schools or is there anything actively going on in
23 order to increase that workforce?

24 A (Allen) Yes. We've done job fairs and -- for

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 tree people specifically. I'm not going to speak
2 about the Line Department. But, for tree people,
3 we have done job fairs, and we've worked with
4 high schools. Winnisquam was the last one I
5 remember working with, and that got kind of
6 delayed because of COVID. However, it is
7 something we're interested in doing. Keene High
8 School always had an agriculture program that we
9 worked with. So, yes, we're very interested in
10 that.

11 Most of the arborists on our team came
12 through agricultural high schools or agricultural
13 colleges.

14 Q Thank you.

15 A (Lajoie) Commissioner, were you referring
16 specifically to tree trimming workforce or were
17 you referring more to line worker workforce?

18 Q You know, originally, I was asking the question
19 with respect to the tree -- the tree force -- the
20 tree trimming force. But I am also interested in
21 the pole workers. How about that?

22 A (Lajoie) We have a pretty significant apprentice
23 program that we've developed over the past few
24 years, to bring workers into the line worker

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 field. And I'm not intimately familiar with the
2 program, but I have seen a number of
3 presentations on it. There are a rotating
4 schedule of classes that are moving these people
5 through. A number of them, graduates, are
6 presently working for the Company, and have been
7 for a few years now.

8 And I believe we've partnered with the
9 IBEW, the International Brotherhood of Electrical
10 Workers, which is the union that represents our
11 represented employees in New Hampshire, partnered
12 with that local to bring these people along.
13 They have a training facility, it's right off
14 Route 4, near the Lee traffic circle, or -- yes,
15 I believe it's out by the Lee traffic circle.
16 So, we've developed a training yard on-site in
17 our Legends Drive facility in Hooksett. And a
18 lot of -- or, the training that we do is all
19 accomplished on the Legends Drive facility.

20 Q Okay. Thank you. One of the things I notice is
21 that you have a sort of -- I'm back on the tree
22 trimming side of it, but you have a four- to
23 five-year cycle. I think you're at 4.5 or 4.6
24 years today.

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Do you have the ambition to get to a
2 four-year cycle? Have you looked at the costs
3 and the benefits of something like that? In
4 other words, are you at a four and a half or
5 five-year cycle, because that's sort of what your
6 allocated costs are? Or do you feel like you
7 would benefit from moving to a more aggressive
8 cycle?

9 A (Allen) That's a great question. I think the
10 main driver for our cycle right now is cost, and
11 getting work -- getting crews in to do the work.
12 We've struggled to have enough crews. I
13 mentioned earlier, New Hampshire has more people
14 to do tree work. But this type of work isn't the
15 highest paying part of tree work, generally
16 residential and commercial is higher paying. And
17 you have to have a CDL. And a lot of times,
18 having a CDL, you can work different jobs than
19 utility tree trimming and get paid more.

20 We just went out to bid. We go out to
21 bid for four-year contracts. And our bid price
22 went up significantly from the last four-year
23 cycle contract, which was '16, '17, '18 -- or,
24 '17, '18, '19, and '20. Now, '21 -- '21 through

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 '24, the price for the first three years went up
2 significantly. I think it's purely, you can
3 always add in all the other things, like taxes
4 and health insurance and vehicle insurance, that
5 you would have in any contract with a contractor,
6 but I believe it's the labor, and also the police
7 details, that's driving the costs so much. And,
8 when I say "labor", I mean just the difficulty of
9 getting homegrown labor. We oftentimes have to
10 bring them in from a different state, or the
11 contractor has to to get the work done.

12 Q Can you add some color to the cost number? Did
13 it go up by 10 percent or 5 percent or 30
14 percent? Any idea?

15 A (Allen) Sure. I would think 10 percent is a fair
16 assessment. It's probably a little bit more than
17 that. But I think 10 percent, I'm willing to say
18 that's good.

19 Q Ballpark. Okay. Thank you. The last question
20 is really, again, on the tree trimming side of
21 it. I noticed you sort of have some metrics in
22 terms of cost per mile and so forth. Obviously,
23 you know, different miles, you know, can have
24 different characteristics. How do you measure

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 the tree trimming companies? You go out to bid,
2 you hire some folks, you bring them in. How do
3 you know if they're doing a good job for you or
4 not?

5 A (Allen) Sure. And that's a great question also.
6 We do a 100 percent quality assurance of the work
7 that's done. Our groups go out and check every
8 section of line. We also have a monthly
9 scorecard with our contractors as part of this
10 contract. And there are penalties and incentives
11 in that contract to perform well. They include
12 safety, customer service, and also staying on
13 cycle and getting the work done in a timely
14 manner.

15 Q Okay. Very good. Thank you. My next question
16 is kind of a global one. And, as sort of a new
17 commissioner, you know, I'll apologize up front
18 if this has been discussed *ad nauseam*, I'm sure
19 it has. But, you know, obviously, burying lines,
20 as opposed to having them overhead, has some
21 benefits, and it's also, I'm sure, a lot more
22 expensive.

23 Are all new housing developments and
24 commercial buildings required to have buried

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 lines? Or do you still put lines overhead on new
2 housing developments in New Hampshire?

3 A (Lajoie) In the State of New Hampshire, that
4 regulation is by town. Certain towns have
5 requirements where all utilities in a new
6 residential development, for example, have to be
7 underground. That's been in place, in some
8 cases, since the late 1980s. So, we comply with
9 whatever the particular town requires, and what
10 the developer, you know, does to meet those
11 requirements by a town.

12 Q And what would, and I realize this is an
13 estimate, and it will be, you know, that's not a
14 problem, would you say, in New Hampshire, that,
15 you know, half of the work on new construction is
16 underground versus half overhead? Or what would
17 you say on balance is going in today in New
18 Hampshire?

19 A (Lajoie) I'm not sure I can accurately answer
20 that question.

21 Q Would you say it's -- and we're not, you know,
22 we're not going to come back later with anything
23 regarding this, I'm just trying to understand.
24 So, is it -- would you say it's more than 50

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 percent is buried or less than 50 percent? If
2 you just kind of paint with really broad strokes,
3 could you say it's more one than the other?

4 A (Lajoie) For residential construction, I would
5 say it's probably more than 50 percent
6 underground, yes.

7 Q Okay. And for the commercial, any idea?

8 A (Lajoie) In large part, it depends on the size of
9 the commercial development. Because, once you
10 get above a certain size service entrance, you
11 really need to have a pad-mounted transformer in
12 order to get, you know, all those conductors into
13 the building.

14 Q Uh-huh.

15 A (Lajoie) So, if you've got that, obviously, you
16 know, if it's being fed from an overhead line,
17 there would likely be underground cable going to
18 the -- well, there would have to be underground
19 cable going to the pad-mounted transformer, then
20 underground going into the building.

21 We've had some rather large industrial
22 type developments. The former Pease Air Force
23 Base, infrastructure there was all placed
24 underground back in the early 2000s. And there's

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 been a significant number of new commercial
2 buildings into that Pease Industrial Park. So,
3 you know, all of that has been done underground.

4 Q Very good. Thank you. My last question is a
5 very specific one, with respect to capital
6 activity. I was interested, as an engineer
7 myself, on the A20DA, the 2020 pole-top project,
8 and it looks like it went back previous years.
9 And we'll get into the cost piece in a second.
10 It was authorized at like \$12 million, 11.6
11 million expended.

12 Can you share more information on the
13 program? You know, I did a little bit of
14 background work. And it's, you know, you've got
15 SCADA devices, acquisitions, supervisory control.
16 It looks like a very sort of proactive work that
17 you're doing to, you know, sectionalize the
18 system, restore power remotely. It looks very
19 encouraging. Can you share a little bit more
20 about what's going on with that program?

21 A (Lajoie) I'd be happy to, because that's actually
22 one of my programs. Yes. You've kind of nailed
23 it. We put up pole-top devices. We're
24 attempting to break the system up into smaller

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 blocks of customers. So, in any area where we
2 can feed from different directions, we can
3 sectionalize down to the smallest possible area
4 that's still out, and the crew therefore knows
5 exactly where to go, and the fewest possible
6 number of people are out of power until the
7 problem gets repaired.

8 As you indicated, it's been a program
9 that's been going on for a number of years. We,
10 under the former Reliability Enhancement Program,
11 we had started escalating the installation of
12 devices. We were up to the 250 to 300 devices a
13 year. As we have kind of peaked out, when we hit
14 about 1,200 devices installed, we started to kind
15 of ramp down a little bit.

16 Our current plan is to do about 75
17 devices a year. Depending on where the device
18 is, it may require, you know, most of them are
19 radio -- communication is via radio, private
20 radio network, data radio. It may require
21 installing additional base station radios in
22 places. We have attached to cell towers. We
23 have attached to -- the State of New Hampshire
24 has some communication towers that we've attached

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 to, you know, all licensed, and with permission,
2 of course, but we've used their infrastructure.
3 And we, ourselves, have set a few radio towers to
4 add these base stations.

5 We do use some cellular communication,
6 where there's absolutely no radio coverage. But
7 with try and avoid that, because we don't have
8 control over that cellular network. And we've
9 had cases where Verizon or AT&T's network has
10 gone down, so we're kind of blind as to what's
11 going on at that point. But, in some cases, it's
12 the only legitimate -- or, the only -- well, yes,
13 legitimate method of doing it, without just
14 tremendous expenditures. So, --

15 Q Would you say -- I'm sorry. When you say "radio
16 communication", you mean like radio frequency,
17 802, 1504, something like that? How are they
18 communicating?

19 A (Lajoie) Yes. I'm not familiar with exactly
20 which frequencies -- frequencies we're using.
21 But we've got at least a couple of 220 megahertz
22 channels, and I believe some 800 megahertz
23 channels as well. The 220s tend to work better
24 over long distances and so forth. The 800s, you

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 know, the towers have to be closer together and
2 so forth.

3 So, when we're going to install a
4 device, we have communication and control people
5 that work out of our Hooksett Office that go out
6 and do radio frequency testing, to find out what
7 they can communicate with for existing
8 infrastructure, at what height the antenna needs
9 to be and so forth. And then, based on what they
10 find, we will order the proper radio for the
11 device, or perhaps a cellular router, if they
12 can't -- if they can't get any radio
13 communication at all.

14 Q Yes. The reason I ask is that RF usually has
15 challenges in moisture and rain and so forth.
16 So, it lowers the range. So, if you, you know,
17 if you're -- you're doing the wireless
18 communication, so, if your wire goes down, you
19 can still communicate, of course. That totally
20 makes sense. And I'm sure they have done their
21 homework and understand. Have you seen any
22 communication problems? Or, even though it's
23 raining, pouring, bad weather, you've had good
24 reliability?

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 A (Lajoie) We've had very good reliability. And
2 it's something that a guy that works for me
3 actually monitors on a weekly basis, mark those
4 that are not communicating well, and we assemble
5 a list. And those go into the cycle of being
6 checked. You know, is it a physical problem
7 on-site? Is it a matter of just we should
8 connect to a different tower, because we'll get
9 better communication with a different tower, and
10 so forth. So, we're constantly working to make
11 sure that that system functions properly. And we
12 don't have a huge list of problem sites. But,
13 you know, we do make sure that we revisit these
14 sites.

15 In general, our storm response, you
16 know, our -- the use of this system during storm
17 events has been exceptional. They have had
18 really, really good results, as far as getting
19 these switches to operate on command from our
20 Control Center in Manchester. That's where the
21 centralized location is. Computer screens, they
22 click on a button to open or close a device. And
23 we've had very, very good results over the years
24 of these devices operating properly.

{DE 21-029} {07-16-21}

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q So, to complete what I'll call your "grid",
2 that's probably a poor word in this application,
3 but, to complete New Hampshire, would you need
4 another 1,000? You said you're going to add
5 about 75 a year. Is it something you will
6 complete the build-out in the next few years or
7 is that a many, many year project?

8 A (Lajoie) The expectation is, as time goes on and
9 new circuits are built, I mentioned earlier, you
10 know, if we have the ability to feed from two
11 directions, we can switch sources to be able to
12 back feed. We have a lot of circuits in the
13 state that radio. They start at the station and
14 just go out, and they don't butt up against
15 anything else. So, we have programs where we
16 build ties between those circuits, so we would
17 need several devices to be able to accurately
18 use -- or, adequately and properly use this back
19 feed that we've now constructed.

20 So, my expectation is, at this lower
21 rate, we are going to continue to install devices
22 for, yes, I would say many years. I would
23 hesitate to put a number on it. Like I said, we
24 scaled down from the 200 to 300 devices a year,

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 because we had done a really good job of starting
2 to break the system up. But this ongoing effort
3 of adding devices, so that we can reroute power
4 to make effective use of our circuit ties, I
5 would expect that to continue on for a number of
6 years, again, at this lower level.

7 Q Yes. And I'm sure you guys did the math on
8 diminishing returns, and you did the heavy impact
9 on first, and then you're kind of trickling out
10 the rest. So, it just looks like a very
11 promising program. And I just wanted to
12 understand if you felt like you were getting
13 everything you needed to roll that out completely
14 or if you were feeling constrained in some
15 respect. Would you say you're able to roll it
16 out at a rate that you're comfortable with?

17 A (Lajoie) Yes. I would say that we have, well,
18 not to blow our own horn, but I think we've done
19 a pretty good job of rolling things out. Like I
20 said, it took off like a -- like a rocket ship,
21 because we had so little of it out there. So,
22 the first year we did a few, and said "wow, we
23 have to do a lot." So, we ramped up big-time.
24 And then, kind of peaked out a few years ago, and

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 have tapered off.

2 The initial objective was to break the
3 system up into blocks of no more than a thousand
4 customers. We have since the goal across all
5 three states for Eversource is now blocks of no
6 more than 500 customers. So, we have met the
7 thousand customer goal, and we're well on our way
8 toward the 75, and then -- excuse me, the 500.
9 And this additional 75 devices a year is to, you
10 know, pick up some more of those, and then, like
11 I said, make use of the new construction
12 locations.

13 Q Okay. Very good. Can you share a little bit
14 about the savings? You know, on Bates 029, I
15 think there was, you know, representation that
16 there was a good cost savings, and I'm sure there
17 was. Can you share a little bit about what
18 those -- what form those cost savings took, and
19 what kind of numbers you saw to sort of offset
20 the costs of the program?

21 In other words, you spent -- you spent
22 about \$12 million putting this very proactive
23 program in place. And you have cost savings to
24 offset that somewhere. And I'm just trying to

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 understand what that -- if you've been able to
2 quantify those savings?

3 A (Lajoie) The savings that we've been associating
4 with the Distribution Automation Program have
5 really been the savings in outages and customer
6 minutes, of interruption to customers. We
7 haven't really associated a dollar figure.
8 Everybody's dollar impact of an outage is
9 different. Clearly, a large industrial customer,
10 you know, even out for a blink, could cause
11 production disruptions that would be, you know,
12 millions of dollars. Whereas, if I'm sitting at
13 home and my power goes out, it's an
14 inconvenience. But, if it's back within a
15 reasonable period of time, there really isn't a
16 whole lot of economic impact.

17 That being said, with the COVID
18 situation for the last year and a half, you know,
19 everybody working from home, including me, all of
20 a sudden the economic impact to a residential
21 customer we feel has escalated. We have not, as
22 I said, assigned dollar values to the success of
23 our Distribution Automation Program.

24 Q Okay. And that's the reason I was asking was

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 that it's hard to decide how much to spend, if
2 you're not able to quantify the benefit. So,
3 that's where I was going with your rolling out 75
4 a year. You've done two or three hundred a year.
5 How do you decide how many to roll out, if you
6 don't know how to assess the economic benefit,
7 which I understand is challenging. So, that was
8 the line of questioning.

9 Last question on this one was just
10 that -- last question overall, is just checking
11 on the financing. It looks like 12 million was
12 authorized, 11.6 million expended. You talked
13 about rolling -- I don't know how much each one
14 costs, but are you -- will you be going over
15 budget on this one or stopping at 12? How does
16 that work?

17 A (Lajoie) Yes. The 2020 Program, the devices that
18 we had planned for the 2020 Program, at this
19 point, there's only one or two that are yet to be
20 commissioned. So, we should be within budget for
21 the authorized amount on the 2020 Program.

22 Q Okay.

23 A (Lajoie) The timing for us is sometimes
24 difficult. Each individual location has to be

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 written up in our work management system,
2 material ordered, make-ready work, device
3 installed, commissioned, and it just takes some
4 time to get all that done. So, occasionally,
5 there's carryover from, for example, in this
6 case, 2020 into 2021. But, as long as we're
7 staying within the authorized amount, in this
8 case, the \$12 million, and getting the number of
9 devices installed that we had planned, we would
10 consider that a success.

11 Q Okay. I guess I do have one more question. When
12 I was looking through the graphs and the data, it
13 was very easy to understand the vegetation
14 management. You can see the efforts over the
15 last -- since 2016, you can see that the amount
16 of the failures due to the trees, tree issues
17 have gone way down. That looks like a very
18 successful program, going in the right direction.

19 It was harder to understand the rest of
20 the reliability data. It was -- there's a lot of
21 graphs, things are going up, things are going
22 down, things are going sideways. How would you
23 characterize the overall efforts at reliability
24 at Eversource? Because, as I was mentioning, at

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 least from a graphical perspective, it was pretty
2 hard for at least me to follow.

3 A (Lajoie) Understood. And one of the requests
4 from Staff has been to include an index of terms
5 to kind of explain what some of these are. So,
6 the next reliability report you get will have
7 that index.

8 Q Thank you.

9 A (Lajoie) A glossary, rather. Overall,
10 reliability has improved over time, since the
11 implementation, we've made steady progress since
12 the implementation of the REP program back in
13 2007. And it has continued for the four or five
14 years that are shown in this Reliability Report.
15 The "SAIFI", which is frequency, the number of
16 outages the average customer sees, has declined
17 over time.

18 And the key about the reliability
19 statistics, and certainly the graphs, is you
20 can't look at just one year, you have to look at
21 trends over time. Because there were things
22 beyond our control that would affect one year's
23 worth of events. We could have very -- we could
24 have great weather for a year, and the

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 reliability looks great. And I'd love to stand
2 up and say "Hey, look what a great job we did."
3 But I've been burned by doing that before. So,
4 you need to look at it over time. And the SAIFI
5 graph shows that, over time, we've gotten better.

6 There's a "CIII", which is the
7 "Customers Interrupted per Interruption", the
8 number of people impacted every time there is an
9 outage. That's been getting better over time.

10 So that kind of, to me, that indicates
11 that our effort to break the system up into
12 smaller blocks is, in fact, succeeding, because
13 fewer customers are being impacted by every
14 event.

15 "SAIDI" is another index that we have
16 here, that's duration. The amount of time the
17 typical customer is out of power over the course
18 of a year. And that's been declining over the
19 time period, too.

20 So, you know, I think, for the most
21 part, these graphs show that there's been
22 improvement over time, that we're doing the right
23 things to improve reliability for our customers.
24 And the automation is part of it, but tree

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 trimming is certainly part of it. Going to
2 covered wire is part of it. There's just a lot
3 of improvements that we've made in our system,
4 and in our ways of doing business, that have
5 resulted in improvements in reliability.

6 COMMISSIONER GOLDNER: Okay. Very
7 good. Yes. My encouragement would just be to,
8 next time Eversource comes in and we're talking
9 with this kind of data, to really spend some time
10 trying to figure out how to explain to the
11 Department of Energy and the Commission a little
12 bit more about that reliability. Because I
13 think your -- I don't doubt your assessment.
14 It's very difficult to take the verbal assessment
15 and overlay that on top of the graphs and the
16 data and come to the same conclusion. So, my
17 encouragement would just to be to spend a little
18 more time with the data and help tell that story
19 a little bit -- a little bit better in the
20 future.

21 So, I appreciate your time on this.

22 That's all the questions I have, Chairwoman.

23 CHAIRWOMAN MARTIN: Okay. Thank you.

24 BY CHAIRWOMAN MARTIN:

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q I just wanted to double-check, from the very
2 beginning of this hearing, we heard that there
3 were two places I believe in Exhibit 1 where the
4 word "under" had been used, and it should have
5 been "over-recovery". And there was a correction
6 made to that exhibit.

7 I just wanted to confirm that no --
8 there are no other impacts throughout the filing
9 related to that change? Is that the case?

10 A (Lajoie) That's correct. And, in fact, when Ms.
11 Menard was speaking earlier, she specifically
12 referred to that number as being reflected in her
13 figures as an "over-recovery". So, it was just a
14 wording mistake in Mr. Allen and my testimony.

15 Q Okay. Thank you very much. When we talked about
16 the Vegetation Management Program, I think that
17 Mr. Dexter walked through a fair amount of detail
18 that caused, I think in a good way, some
19 confusion related to exactly what is included,
20 what is not included, as related to the
21 Settlement Agreement, and particularly related to
22 recoupment. Is there --

23 CHAIRWOMAN MARTIN: I'm not even sure
24 who to ask for this as to that, and perhaps maybe

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 I should wait to hear your closing, Mr. Dexter.
2 But I think that the Commission could use some
3 more clarity on what the Settlement Agreement
4 provided and what is actually included in the
5 recoupment, what the VMT budget we see here is,
6 the 6,000 versus the six -- sorry, 6 million
7 versus 6,555,000 [sic].

8 So, I would ask you all to think about
9 how you might provide that information to the
10 Commission, and perhaps counsel can address that
11 in their closings.

12 Also, for -- I think we would like, as
13 a record request, something similar to what you
14 have in Exhibit 1, at the red Bates 068, showing
15 actuals for 2019 in the vegetation management.
16 You have the actuals for 2020. I think we'd like
17 to see the breakdown for 2019 and 2020. And, if
18 that's somewhere, and I'm just not aware of it,
19 if you can point me to it, that would be helpful.

20 I'm just going to put that as a record
21 request for now. And, if you happen to locate
22 something along those lines, just let me know
23 before the end of the hearing.

24 BY CHAIRWOMAN MARTIN:

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 Q So, following on that, I guess a bigger question
2 is, have these costs -- which of these costs, if
3 any, have been audited by the Energy Staff? Ms.
4 Menard?

5 MR. DEXTER: I do not know that, Madam
6 Chairwoman.

7 BY CHAIRWOMAN MARTIN:

8 Q I'm wondering if the Company might know that?

9 A (Menard) I don't know of any audit. We had an
10 audit of rate case, so that would have been 2018.
11 But I think you're referring to the 2020
12 expenses, or maybe you're expanding that, I'm not
13 sure. But I don't believe they have been
14 audited.

15 CHAIRWOMAN MARTIN: Okay. I think I'm
16 just looking to find out whether, to the extent
17 any category of these costs that are being sought
18 for recovery have actually been audited by now
19 Energy Staff, I would want to know that.

20 I guess, Mr. Dexter, that could be a
21 request to you to confirm that. And, to the
22 extent they have, provide that to the Commission
23 please as a record request.

24 *(Atty. Dexter nodding in the*

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 *affirmative.)*

2 CHAIRWOMAN MARTIN: And one more
3 question I wanted to confirm related to the PUC
4 and OCA assessments.

5 BY CHAIRWOMAN MARTIN:

6 Q I think, Ms. Menard, and I'm just going to
7 summarize your testimony, so it may not be
8 exactly right. But you said that, historically,
9 these were recovered through the individual
10 dockets. So, I want to make sure I'm
11 understanding that, going forward, these will be
12 recovered entirely through this process one time
13 per year? Is that correct?

14 A (Menard) That is the intent. Yes.

15 CHAIRWOMAN MARTIN: Okay. All right.
16 Thank you. I think that's all my remaining
17 questions.

18 Commissioner Goldner did I capture all
19 our questions?

20 *(Commissioner Goldner indicating in the*
21 *affirmative.)*

22 CHAIRWOMAN MARTIN: Okay. With that, I
23 will go back to you, Mr. Fossum, for redirect.

24 MR. FOSSUM: Thank you. I'm actually

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 going to, I guess, take up to a degree, I'll call
2 it an invitation that you had laid down, relative
3 to the recoupment and the vegetation management
4 costs.

5 **REDIRECT EXAMINATION**

6 BY MR. FOSSUM:

7 Q And I guess I would direct this to Ms. Menard.
8 Do you recall that line of questioning?

9 A (Menard) Yes.

10 Q So, can you just, rather than try to follow a
11 line of questions, just in your words, what costs
12 are included in this RRA and what are not, and
13 with reference to the budget numbers that you
14 have discussed?

15 A (Menard) So, within this RRA for vegetation
16 management, we are only reconciling the three
17 programs of ETT, ETR, and right-of-way clearing.
18 And it's just for the time period of July 2020
19 through December of 2020. And that is in -- in
20 coordination with the Settlement Agreement that
21 outlined how the first RRA would be handled.

22 Q And, so, then looking at Exhibit 3, and Bates
23 Page 035, and the quotation in there, so, you're
24 saying that's in line with the language that's

[WITNESS PANEL: Allen|Lajoie|Ullram|Menard]

1 in, is it 6.1(d), as well as that section at the
2 bottom, from 9.1, on what costs are included
3 here?

4 A (Menard) Correct.

5 Q And, so, this 27.1 million number that has been
6 discussed, when does that actually become a
7 budget number for vegetation management?

8 A (Menard) January 1st of 2021.

9 MR. FOSSUM: Thank you. I believe
10 that's all I have.

11 CHAIRWOMAN MARTIN: Okay. Thank you.

12 I think what I'm going to do is
13 something a little bit out-of-order today, just
14 to make sure we are clear, before I strike the ID
15 on the exhibits and name all the record requests.
16 Why don't I hear closings first, starting with
17 Mr. Dexter.

18 MR. DEXTER: Thank you, Madam Chair.

19 The DOE does not recommend approval of
20 the RRA, Regulatory Reconciliation rate, as
21 filed. We are largely in agreement with what's
22 been presented, but we recommend two changes --
23 one change to two of the elements of the five
24 that were discussed today.

1 The first change has to do with the
2 consultant costs that were incurred for the PUC
3 and the OCA for 2019, in the amount of, I
4 believe, about \$49,000. Eversource's witness
5 indicated that those costs are not properly
6 included in the RRA per the Settlement, which
7 established the RRA, but instead testified that
8 the Company put them in the RRA as a matter of
9 administrative convenience. And that, going
10 forward, there will only one year's included,
11 consultant costs each year in the RRA, but this
12 year we put two years in, because it was
13 convenient. And their claim is that it was
14 convenient, because the costs are recoverable per
15 statute.

16 And DOE's position would be that the
17 RRA be applied according to the terms of the
18 Settlement. And, to the extent the Company
19 believes that they have means for recovery of
20 this \$49,000 under the statutes that they have
21 laid out in their testimony, that they should
22 seek that recovery, and that those statutes can
23 then be evaluated in detail in that docket for
24 recovery.

1 With respect to the vegetation
2 management costs, this is a more significant
3 adjustment that Staff -- that DOE proposes.
4 We're interested in your record request, we
5 applaud you for asking it. However, we believe
6 the record's clear on this, as a result of the
7 discovery process and the hearing process we went
8 through today.

9 What's important to remember, from
10 DOE's perspective, is that this Settlement --
11 that this RRA reconciles between actual
12 expenditures and what's in rates. It does not
13 reconcile to the Company's budget. And we
14 demonstrated, I believe today, through
15 cross-examination, that built into the rates, for
16 vegetation management, going back to the
17 beginning of temporary rates, is \$27.1 million.
18 If one were to subtract out the Scheduled -- SMT,
19 Scheduled Maintenance Trimming, from that number,
20 we're left with a number of \$13.1 million to
21 cover the three elements that are included in
22 this clause. And, because, as Ms. Menard just
23 said, we're only dealing with six months, we take
24 that number in half, and we get a figure of

1 \$655,000 that's being recovered by Eversource in
2 rates at this time.

3 Therefore, Exhibit 3, Bates 035, on
4 Line 6, on the right-hand side, should have not
5 have a figure of "\$6,000,000" there. It should
6 have a million -- a figure of "\$6,550,000". And,
7 therefore, the variance should be \$550,000
8 higher. This is a significant change. If you
9 were to flip to Exhibit 3, Bates 026, where we
10 started the day, listing the five elements for
11 recovery, the "\$3,482,000" credit on Line 2 would
12 be increased by 550,000, and the average RRA
13 rate, on Line 9, would calculate to "0.12
14 credit", instead of "0.19 credit". The math's
15 very simple, anybody can do it. It's just simple
16 long division.

17 So, that's our position with the VMT.
18 We just believe that the analysis presented by
19 the Company is incorrect, because it attempts to
20 reconcile to a budget of 6 million, whereas it
21 should be reconciling to an amount that's
22 included in base rates.

23 With respect to property taxes, we
24 don't disagree with the presentation. We believe

1 that the clause is more expansive than what's
2 required under the statute. But, with Ms.
3 Menard's explanation of what's included in the
4 \$45 million in base rates, we believe that that
5 demonstrates that the clause under the Settlement
6 was intended to be all-inclusive for
7 distribution-related property taxes, and
8 therefore we don't recommend an adjustment to
9 that.

10 We do request that, going forward, that
11 in the initial filing that the Company makes, it
12 includes the town-by-town information, which is
13 included on Exhibit 4. And we request that the
14 Commission require them to file that with two
15 additional columns, one for abatements, one for
16 adjustments, so that we can see those two items
17 town-by-town, and therefore conduct a more
18 meaningful inquiry.

19 And Ms. Menard mentioned that there
20 were something like 30 towns that -- where the
21 Company sought abatements. That apparently
22 resulted in only \$22,000 of abatements. That
23 just strikes us as, I don't know what the right
24 word is, but we would have expected, for 30

1 cases, that the Company would have recovered more
2 than \$22,000. So, in order to conduct a more
3 complete investigation going forward, we would
4 ask that the abatement information be presented
5 up front and be presented by town. And,
6 obviously, we would expect that the Commission
7 would require that the Company aggressively
8 pursue all abatements and flow those back through
9 the RRA as the clause is intended.

10 We appreciate the record requests that
11 you made on the calculation of the long-term debt
12 rate. And we recommend that, in future filings,
13 that that be included with the initial filing, so
14 that we don't need to ask for it.

15 So, that concludes my closing. In
16 summary, we recommend two adjustments to the
17 rates as filed, based on the arguments that we've
18 laid out.

19 Thank you.

20 CHAIRWOMAN MARTIN: Thank you, Mr.
21 Dexter. Mr. Fossum.

22 MR. FOSSUM: Thank you.

23 I think I'll start with, generally, the
24 Company, of course, supports the rate request

1 that it has made, and requests that it be
2 approved as filed. I believe that we have
3 demonstrated, both in the papers that we have
4 filed and the testimony that we have provided,
5 that we have accurately and appropriately
6 calculated and provided information relative to
7 the implementation of the RRA and the proposed
8 rates from it.

9 That said, I will address a couple of
10 the -- I'll certainly address the items that were
11 raised in the DOE Staff closing and
12 recommendation.

13 First, as to the 40,000, approximately
14 40,000 in consultant costs from calendar year
15 2019, we agree with, well, I agree with Mr.
16 Dexter that, you know, we should be interpreting
17 the Settlement Agreement as it was negotiated and
18 applied. And I see nothing in the Settlement
19 Agreement that forbids the treatment that the
20 Company has imposed -- or, used in this case. It
21 seems to me like the entire argument that Staff
22 is attempting to make rests upon the use of the
23 word "the", and the implications about how the
24 RRA would be used in the future.

1 That seems a fairly thin reason to tell
2 the Company that it must apply separately for
3 treatment of these costs, and go through an
4 entirely separate proceeding. These are costs
5 that are allowed in statute and that the
6 Commission has allowed in previous cases.

7 So, it's more than, I suppose, just a
8 matter of administrative convenience. And, as I
9 say, I see nothing in the Settlement Agreement
10 that forbids the inclusion of these costs from
11 2019 in the calculation of the RRA for this time.

12 In the future years, there wouldn't be
13 a spillover of one year to the next. But I see
14 that as largely irrelevant to this case. What
15 matters is, is the Company permitted or not to do
16 it here? And I read nothing in the Settlement
17 Agreement that says that that's not allowed.

18 With respect to the larger claim, on
19 the vegetation management costs, again, the
20 Company strongly disagrees with this
21 recommendation. As to the issue of whether there
22 was a recoupment going back to a budget, maybe
23 the "budget" isn't the best word to have used.
24 But, looking back at the rate case that was going

1 on, there was a set of money, there was a pot of
2 dollars that was allocated to the Company. It
3 was a specific amount of money. It was not a
4 budget number that we came up with on our own to
5 which we had to reconcile. This was a number
6 that was included in that Agreement, and that was
7 the number that we had provided for in
8 establishing the rates here.

9 The recoupment, Mr. Dexter seems to
10 indicate we somehow magically applied this \$27.1
11 million back to the beginning of temporary rates.
12 And, as you heard Ms. Menard testify, and as you
13 can see for yourself on Bates Page 035 of Exhibit
14 3, that is not what the Settlement says. That is
15 not how recoupment is handled, and that's not how
16 it was treated here.

17 It feels, in some way, like this is,
18 you know, a shift in what was intended in the
19 Settlement Agreement. The Settlement Agreement
20 specifies that the \$27.1 million program begins
21 in 2021, and it also specifies how exactly the
22 recoupment will be handled. And the Company made
23 its calculations consistent with those
24 provisions, and consistent with the expectations

1 that it had, and that it understands the Staff
2 had at the time that the Settlement Agreement was
3 negotiated.

4 Beyond that, I will offer just a note
5 of, I think, clarification, relative to the issue
6 of abatements. First of all, my recollection of
7 Ms. Menard's testimony is that it was actually --
8 I believe it was "13 towns", rather than "30
9 towns", that resulted in that amount of 20,000
10 and change in abatements.

11 But, beyond that, I just wish to note
12 that the Company -- or, the DOE Staff had
13 expressed some measure of confusion as to the
14 amount of abatement was actually achieved, and
15 they had apparently some expectation that it
16 ought to have been different. I have no idea
17 what that expectation is based on. I have very
18 limited experience with the Board of Tax and Land
19 Appeals, but my understanding is that abatements
20 are rarely successful. So, you know, I
21 personally don't find that number all that
22 surprising. And, so, speculating about why that
23 number is what it is I don't think is
24 particularly helpful.

1 With that said, you know, we stand
2 ready to provide the record requests that the
3 Commission has requested. And we believe we
4 understand the other enhancements and changes
5 that are expected to this filing in the future,
6 and we're ready to do those.

7 So, with that all said, I would
8 reiterate that we very much disagree with the
9 Staff's -- with the DOE Staff's position relative
10 to the costs for consultants and relative to the
11 costs in the Vegetation Management Program.
12 Those have all been calculated consistent with
13 the Settlement Agreement that governs the RRA and
14 should be approved as filed.

15 Thank you.

16 CHAIRWOMAN MARTIN: Thank you,
17 Mr. Fossum.

18 Okay. I will circle back at this point
19 then and cover the exhibits. Without objection,
20 we will strike exhibits on -- we will strike ID
21 on Exhibits 1 through 6 and admit those as full
22 exhibits.

23 And we're going to hold the record open
24 for Exhibit 7 regarding the Company's -- or,

1 related to the long-term debt issue; for Exhibit
2 8, which will be for the Vegetation Management
3 Program actuals for 2019, similar to what's in
4 Exhibit 1, in the red Bates Page 068; and then,
5 for Exhibit 9, that record request is for the
6 Staff, related to audit of any costs included in
7 the RRA.

8 Any questions on those?

9 *[No verbal response.]*

10 CHAIRWOMAN MARTIN: Okay.

11 MR. DEXTER: No questions.

12 CHAIRWOMAN MARTIN: Thank you. Seeing
13 none, nothing else. Do you have other issues we
14 need to cover before we close?

15 MR. DEXTER: DOE has nothing.

16 MR. FOSSUM: And other than, I guess
17 we're hoping for approval for this rate and the
18 others that are to go into effect on August 1st.
19 So, we would ask for, you know, an efficient
20 processing, but that's all.

21 CHAIRWOMAN MARTIN: I guess I'll take
22 that as an opportunity to ask you a question.

23 Given the complexities here, and the
24 requests for our record requests, what is the

1 harm if this were not to be concluded before
2 August 1st?

3 MR. FOSSUM: I'll take that as a
4 question to me.

5 Well, I guess it depends on how you
6 look at it as to what you might classify as the
7 "harm". In that this is calculated as a credit
8 to customers, by not having it approved, that is
9 a credit on their bill that they might not
10 otherwise see, which would offset, presumably,
11 you know, other costs elsewhere. So, to that
12 degree, I suppose there is a harm.

13 From the Company's perspective,
14 however, I think that the harm that we're
15 concerned about -- well, there's a couple of
16 them. One is that, to the extent that there
17 is -- there would be a change in this late, say
18 we either don't know what the answer is or we
19 only know what it is very late, that would impact
20 how we actually issue bills out to customers,
21 what rates we put in, our Billing Group has to
22 input rates and test them before anybody actually
23 gets billed under them. So, you know, they're
24 preparing one thing, and hope, you know, so, the

1 potential lateness of any approval of any number,
2 what would be harmful to that? We generally --
3 we can hold bills for a day or two, if we have
4 to, but that is a very disruptive process.

5 I suppose the other harm, from our
6 perspective, is that, you know, we, as I have
7 said, I believe we've done everything
8 consistently with the Settlement Agreement, and
9 we have provided exactly what it is that we
10 should provide. And, so, to the extent that this
11 might continue further and more information might
12 be requested, I question, you know, the
13 efficiency of this particular process, which is
14 supposed to be sort of swift and helpful.

15 Ultimately, and I'll make this my last
16 point, this is a -- this is a reconciling rate.
17 And, so, there would be a reconciliation coming
18 in the next year to address potential problems.
19 So, you know, at this point, you know, we filed
20 what we were supposed to, in line with the
21 Settlement Agreement, and with an intent that it
22 be implemented in line with the Settlement
23 Agreement on August 1st.

24 So, you know, if we can avoid holding

1 or delaying bills, or delaying this credit going
2 back to customers, we would like to do that.

3 CHAIRWOMAN MARTIN: Thank you,
4 Mr. Fossum. Mr. Dexter, do you have any
5 response?

6 MR. DEXTER: Well, yes. You know,
7 counsel has said three times that they filed this
8 in conformance with the Settlement. But his own
9 witness said that the \$49,000 in consultant costs
10 aren't recovered under the Settlement, that it's
11 convenient, but it's not covered by the
12 Settlement. But that's closing argument, not
13 what you asked.

14 In terms of harm, Mr. Fossum brings up
15 a good point. Which is that, you know, this
16 happens every year, and this is a reconciling
17 item. So, in the event that the Commission,
18 understandable, given the workload, needs to
19 decide one of these provisionally, one way or the
20 other, in a reconciling mechanism such as this,
21 any changes that came out later could be handled
22 in next year's. That's not the ideal way to do
23 it, but it is certainly possible, and it will
24 make the customers whole for whatever credit the

1 Commission ultimately decides is appropriate in
2 this case.

3 So, we would prefer a decision by
4 August 1st. But I believe the point that
5 Attorney Fossum made about this being
6 reconcilable, reconciling, is important to keep
7 in mind.

8 CHAIRWOMAN MARTIN: Okay. Thank you.

9 And, with regard to timing, is there
10 any reason that we couldn't have those responses
11 to record requests by next Wednesday, the 21st?

12 MR. DEXTER: The Department of Energy
13 is okay with that.

14 MR. FOSSUM: I know, certainly, one of
15 them for certain we can do, you know, probably by
16 Monday. And I have to check on the other one.
17 But I suppose, you know, subject to somebody
18 telling me otherwise, I don't see any cause --
19 any reason they couldn't be in by Wednesday.

20 WITNESS MENARD: Yes. We should be
21 able to do it by Wednesday. No problem.

22 CHAIRWOMAN MARTIN: Okay. Thank you.
23 Any other questions, Commissioner Goldner?

24 COMMISSIONER GOLDNER: No.

1 CHAIRWOMAN MARTIN: Okay. Well, then,
2 with that, we will take this matter under
3 advisement.

4 And thank you, all. This was a long
5 afternoon, but certainly worthwhile. The hearing
6 is adjourned.

7 ***(Whereupon the hearing was adjourned***
8 ***at 4:55 p.m.)***

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