

Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. DE 21-077

Date Request Received: December 14, 2021
Data Request No. RR-001

Date of Response: December 14, 2021
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Request from: Department of Energy

Witness: N/A

Request:

Reference Bates page 55. In reviewing the Company's Excel model pertaining to its working capital analysis, there appears to be a significant difference in the lead days for large customers as opposed to that for small customers. Please explain the reason for this difference in the lead days.

Response:

In Docket No. DE 18-073 (Order No. 26,237 dated April 25, 2019), the Commission authorized Eversource to use the results of a lead-lag study in the calculation of working capital requirements for Energy Service rates. In compliance with Order No. 26,237 the Company filed and the Commission approved, in Docket Nos. DE 20-054 (Order No. 26,368 (June 18, 2020)) and DE 21-077 (Order No. 26,491 (June 24, 2021)) the Energy Service rates including the working capital results based on the annual lead-lag studies.

“Lead Days” as filed in Attachment ELM-3, Page 1, Lines 5 to 7, is the difference between the Revenue Lag Days, which relates to the amount of days it takes a customer to pay their bills, and Cost Lead Days, which relates to the amount of days it takes Eversource to pay invoices received from the wholesale suppliers, as calculated in the annual lead-lag studies and summarized in Attachment RR-001.

The difference in the lead days for small and large customers is largely driven by the revenue lag difference between the two classes. As shown on lines 32-36 in Attachment RR-01, it takes longer for the large customer class to pay bills than the small customer class as shown in the collection lag component. The revenue lag is then compared to the cost lead, resulting in the net lag for each class.

As shown in Attachment RR-001, in comparing year-to-year change in the results of the lead-lag studies noted above, the large customer group had the most overall change as both the Cost Lead Days and Collection Lag Days decreased for the period from August 2021 to July 2022, as compared to the period from August 2020 to July 2021.

Line No.	Lead Days													
	Reference	Customer	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22
3	DE 21-077, ELM-3, Page 1, Line 6 (filed 6/17/21), Bates Page 53	Small	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
4	DE 21-077, ELM-3, Page 1, Line 7 (filed 6/17/21), Bates Page 53	Large	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3
7	DE 20-054, ELM-3, Page 1, Line 6 (filed 6/11/20), Bates Page 108	Small	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
8	DE 20-054, ELM-3, Page 1, Line 7 (filed 6/11/20), Bates Page 108	Large	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8
10	Change	Small	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
11	Change	Large	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)
Lag Days														
			Revenue Lag	Cost Lead	Net Lag									
17	Reference	Customer	Days	Days	Days									
18	DE 21-077, ELM-3, Page 4, Line 2 (filed 6/17/21), Bates Page 56	Small	49.2	45.2	3.9									
19	DE 21-077, ELM-3, Page 4, Line 3 (filed 6/17/21), Bates Page 56	Large	56.0	32.7	23.3									
21	DE 20-054, ELM-3, Page 3, Line 2 (filed 6/11/20), Bates Page 110	Small	46.1	44.6	1.5									
22	DE 20-054, ELM-3, Page 3, Line 3 (filed 6/11/20), Bates Page 110	Large	65.3	39.5	25.8									
24	Change	Small	3.1	0.6	2.5									
25	Change	Large	(9.3)	(6.7)	(2.6)									
Revenue Lag														
			Collection Lag	MR Lag	Billing Lag	Revenue Lag								
31	Reference	Customer	Days	Days	Days	Days								
32	DE 21-077, ELM-3, Page 5 (filed 6/17/21), Bates Page 57	Small	32.5	15.2	1.5	49.2								
33	DE 21-077, ELM-3, Page 5 (filed 6/17/21), Bates Page 57	Large	39.3	15.2	1.5	56.0								
35	DE 20-054, ELM-3, Page 4 (filed 6/11/20), Bates Page 111	Small	29.4	15.2	1.5	46.1								
36	DE 20-054, ELM-3, Page 4 (filed 6/11/20), Bates Page 111	Large	48.6	15.2	1.5	65.3								
38	Change	Small	3.0	-	0.0	3.1								
39	Change	Large	(9.3)	-	0.0	(9.3)								