

STATE OF NEW HAMPSHIRE
Intra-Department Communication

DATE: March 14, 2022

FROM: Krista Leigh, Examiner
Enforcement Division, New Hampshire Department of Energy

SUBJECT: Public Service of New Hampshire (PSNH) d/b/a Eversource Energy
DE 21-089 Major Storms 2019 – 2020
FINAL REPORT

TO: Thomas Frantz, Director Regulatory Programs, Department of Energy
Elizabeth Nixon, Director Electric, Regulatory Programs, Department of Energy
Stephen Eckberg, Utility Analyst, Regulatory Programs, Department of Energy
Mary Schwarzer, Attorney, Department of Energy

INTRODUCTION

On April 30, 2021 Eversource (PSNH, the Company) filed a petition to recover costs of nine storm and pre-staging events that occurred between October 2019 and May 2020. The filing was docketed as DE 21-089 and is consistent with the February 2, 2019 recommendation of the Commission Staff in Docket No. DE 18-058, as well as the March 26, 2019 secretarial letter which stated that the Commission, “*agreed to Eversource's request for a May 1 deadline for filing its future annual reports of the storm costs incurred for the prior year, which would be subject to audit by Audit Staff.*” The Company is not seeking a rate adjustment of any kind, rather requests Commission approval to recover the costs from the Major Storm Cost Reserve (MSCR), which was specifically designed for that purpose.

Definition of a Major Storm and Authorized Pre-Staging Event

Order 25,465 issued on 2/26/2013 in docket DE 12-320, defines a major storm and pre-staging event as the following: “*Under the MSCR, a qualifying major storm is defined as a storm that results in either (1) 10% or more of PSNH's retail customers being without power in conjunction with more than 200 reported troubles, or (2) more than 300 reported troubles during the event...For weather events having a “high” probability, that is, greater than 60% of reaching [Energy Event Index] EEI Level 3, pre-staging costs would be charged to the MCSR.*” Using the EEI from the Data Transmission Network (DTN), the Company reviews the forecasted data which ranks the potential strength of a storm from 1 to 5, with 5 being the most severe.

Audit requested clarification regarding the definition of a reported “trouble” and what distinguishes it from retail customers’ reported power outages. The Company explained that, “*A ‘trouble’ is any event on the system that requires a response by Eversource crews. These are typically for outage events, where one trouble could affect a varying number of customers based on the trouble location; but ‘trouble’ also refers to non-outage events where crews are taking action to prevent a potential customer outage from occurring (for example, a customer reports a tree hanging low over wires).*”

Audit understands that Order #25,465 allows for the recovery of costs incurred during a major storm, as defined by “*...more than 300 reported troubles during the [weather] event.*” Audit also recognizes that there is no concurrency requirement for reported troubles, unless there are fewer than 300 reported. In that instance, *recovery of costs incurred during a major storm is defined by “...10% or more of PSNH’s retail customers being without power in conjunction with more than 200 reported troubles.”*

If a weather event reported less than 200 troubles and for the purpose of verifying whether or not the major storms audited had at least 10% or more of retail customers, Audit reviewed the monthly Customer Count by Revenue Services report which depicted the monthly customer count, as well as the twelve-month average customer count for both 2019 and 2020. The December 2019 customer total and the December 2020 customer total reported a customer count of 520,866 and 525,933 respectively. When applicable, Audit compared the 10% of retail customers without power, to the Outage Management Troubles Report provided by the Company. If there were less than 300 reported troubles, Audit verified compliance with Order 25,465, by confirming that at least 10% of retail customers were without power “in conjunction” with more than 200 reported troubles.

Review of Prior Storm Audit Docket DE 19-105

As part of the Settlement Agreement within docket DE 19-057, PSNH was authorized to “*...begin amortizing the unrecovered storm costs, currently estimated at \$68,474,355 as of December 31, 2018, over a five-year period beginning August 1, 2019.*” Audit reviewed the 2018 GL and verified the following balances on the MSCR accounts, as of 12/31/18:

Account	Balance a/o 12/31/18
186430	\$ 114,987,268
228430	<u>(46,512,913)</u>
	\$ 68,474,355

The 2019 general ledger summary for account #186430, as well as detailed journal entries were reviewed. Audit verified the July 2019 credit on the account, in the amount of \$68,474,355 for the transfer of approved 2016 – 2018 storm costs from the major storm deferred

account. Audit confirmed that \$68.5M was offset to the Approved Storm Costs account #182SQ0, to be amortized over 5 years, as part of DE 19-057 Temp Settlement Agreement. The monthly amortization was verified as a debit to account 407300, with the offsetting credit to account #182SQ0. Audit confirmed the straight-line basis for the amortization amount with no exceptions noted.

In a Secretarial Letter dated 5/18/21, the final storm costs filed within docket DE 19-105 were approved and “...the total amount of recovered costs is \$18,321,869 which reflects the balance of costs noted in the Commission’s letter as updated with the application of the appropriate carrying charges through March 2021.” Audit reviewed the revised carrying charges through March 2021 and confirmed the RoR calculations were in compliance with the Settlement Agreement DE 19-057, which authorizes a carrying charge equal to its embedded cost of long-term debt. No exceptions were noted.

General Ledger

As of April 30, 2021, the storm fund reserve account reported a general ledger (GL) balance of \$4,040,624. The funding, which is posted to GL account #228430, accrues carrying charges at the same stipulated rate of return used on the accruing storm cost account. Audit verified the tax rate and RoR calculations on the funding account #228430 and re-calculated the ending balance with return. For the December 2020 ending balance with return on account #228430, a variance of \$(7,725) was noted from Audit’s recalculated total of \$12,300,139 and the actual transfer balance amount of \$12,292,415. The Company explained the variance in the following statement:

“In July 2020, an incorrect stipulated rate of return of 6.2457% was used for the third quarter of 2020 (July – September 2020). The correct stipulated rate of return should have been 6.7964%. The incorrect stipulated rate of return was realized in December 2020 and adjusted accordingly, creating the variance. To prove this, if the stipulated rate was replaced with the incorrect rate of 6.2457% in July, August and September 2020, the variance will change to zero. An adjustment was made to correct the GL account in April 2021 in the amount of (\$7,725).”

Audit reviewed the April 2021 detailed journal entry for the storm deferral account #228430 reconciliation, in support of the \$(7,725) adjustment that resolved the variance and adjusted the account #228430 balance in the General Ledger. No exceptions were noted.

Commission Order #25,534 authorized the Company to maintain a \$12M annual funding level in the MSCR. Audit reviewed the general ledger and detailed journal entries, confirming the December 2020 storm balance transfer of \$12,292,415 from the storm funding deferral account #228430 to the storm cost reserve account #186430.

The storm cost reserve is GL account #186430. Audit reviewed the Company provided GL and the Storm Cost Summary spreadsheet, detailing the monthly activity within the account. Audit noted that the April 30, 2021 GL balance for account #186430 was \$41,761,628, compared to the \$41,698,762 total in storm costs reported, which includes the 2018 – 2019 storm events subject to Docket No. DE 20-062, as well as the August 2020 – March 2021 storm costs that are not yet finalized by the Company. Audit noted a variance of \$62,866 variance between the GL balance and the storm costs reported. The Company explained the variance in the following statement:

“In preparing for the final storm cost recovery filing, an adjustment was made to transfer costs from a pre-stage storm event on 2/7/20 (EXPSTGA0) to the major storm event on 2/7/20 (MS20A006) in the amount of \$61,267.33. The adjustment was made to the cost tracking file submitted in support of the filing in Audit-004 Rolling Rec for Storms through April 30, 2021.

In the accounting tracking file used to book the amounts to the General Ledger in the 186430 account, the offsetting credit to EXPSTGA0 was not captured until May 2021 and therefore not reflected in the April 30 balance in the General Ledger. This resulted in the 186430 account being higher by \$61,226.77. The remaining \$1,599.25 is due to a minor variance in the return calculation.”

The DE 21-089 Summary of Requested Storm and Pre-Staging Cost Recovery

The following costs are subject to this audit and summarized in Docket No. DE 21-089:

<u>Storm Event</u>	<u>Costs</u>	<u>Carry Costs 4/30/21</u>	<u>Total Cost 4/30/21</u>
10/16/19 Major Storm	\$ 5,314,963	\$ 419,819	\$ 5,734,782
10/31/19 Major Storm	4,654,903	340,599	4,995,502
12/02/19 Pre-Staging	245,827	16,481	262,307
12/30/19 Pre-Staging	203,689	13,252	216,942
02/07/20 Major Storm	3,662,237	220,061	3,882,298
02/26/20 Pre-Staging	34,376	1,946	36,321
03/23/20 Major Storm	1,902,933	101,199	2,004,132
04/13/20 Pre-Staging	405,673	20,077	425,750
05/15/20 Pre-Staging	22,249	1,063	23,312
Total	<u>\$ 16,446,849</u>	<u>\$ 1,134,497</u>	<u>\$ 17,581,346</u>

Work Order Summaries

The Company provided Audit with the work order summaries of storm costs, for each major storm or pre-staged event, that were subject to the filing and listed on Bates page 000012 of the testimony of Erica L. Menard, Manager of New Hampshire Revenue Requirements. The

work order summaries were categorized by work order and expense type. The following, categorized by major storm or pre-stage event, was compiled by Audit to depict the work order summaries provided by the Company as support of the filed storm costs in docket DE 21-089:

Event Date	10/16/19	10/31/19	12/02/19	12/30/19	02/07/20	02/26/20	03/23/20	04/13/20	05/15/20	Totals
Event Type	Storm	Storm	Pre-Stage	Pre-Stage	Major Storm	Pre-Stage	Storm	Pre-Stage	Pre-Stage	By
Workorder	<u>MS19F006</u>	<u>MS19G006</u>	<u>EXPSTGE9</u>	<u>EXPSTGF9</u>	<u>MS20A006</u>	<u>EXPSTGB0</u>	<u>MS20C006</u>	<u>EXPSTGC0</u>	<u>EXPSTGD0</u>	Increment
Contractor/Vendo	\$ 3,598,644	\$ 2,966,621	\$179,091	\$ 175,615	\$ 2,579,616	\$ 25,485	\$ 1,343,422	\$ 371,468	\$ 745	\$11,240,706
Direct Labor	1,311,969	1,286,664	41,575	18,124	798,284	6,048	402,350	25,204	16,783	3,907,001
Payroll OH/Tax	75,858	106,058	1,375	420	47,503	-	39,334	2,307	-	272,855
Vehicle Expenses	251,077	193,793	23,205	8,188	213,256	2,596	108,308	6,047	4,610	811,080
Other Employee Expenses	23,738	89,694	581	1,342	13,584	247	6,760	648	110	136,704
Materials	<u>53,678</u>	<u>12,073</u>	-	-	<u>9,816</u>	-	<u>2,758</u>	-	-	<u>78,325</u>
Total Costs (Rounded)	\$ 5,314,963	\$ 4,654,903	\$245,827	\$ 203,689	\$3,662,058	\$ 34,376	\$ 1,902,933	\$ 405,673	\$ 22,249	\$16,446,671
Carrying Charge a/o 4/30/21	<u>419,819</u>	<u>340,599</u>	<u>16,481</u>	<u>13,252</u>	<u>220,061</u>	<u>1,946</u>	<u>101,199</u>	<u>20,077</u>	<u>1,063</u>	<u>1,134,497</u>
TOTAL (Rounded)	\$ 5,734,782	\$4,995,502	\$262,307	\$216,942	\$3,882,120	\$ 36,321	\$ 2,004,132	\$ 425,750	\$ 23,312	<u>\$17,581,168</u>

Audit noted a \$(178) variance between the \$17,581,346 total in storm costs that were subject to the filing and the \$17,581,168 work order summary total that was provided by the Company in support of the filed storm costs. Audit examined the amounts reported on the storm cost summary spreadsheets, noting that the vehicle expenses total of \$213,256, for the 2/7/2020 major storm, did not match the filed amount of \$213,434, resulting in a \$(178) variance. The Company explained that the reduction of \$(178) from the original filing amount was recognized after the April 2021 payroll adjustment posted. Audit understands the timing of the April payroll adjustment in relation to the 4/30/21 filing and has deemed the variance as immaterial.

Work Order Detail

Supplementing the Work Order Summaries, the Company also provided an Excel file with the corresponding details of the storm costs per work order and from each storm event. The Company explained that, “*Each file attachment had a single storm summary lead sheet identifying storm costs by cost element/category, with additional tabs in the excel file supporting each cost element/category in the lead sheet. The information in the additional tabs was derived from the Detail GL Final data upload. The Company utilizes the cost element field in its cost repository system of record for informational purposes in order to identify general categories of costs incurred; for example, labor, contractor costs, materials and supplies, etc.*” Audit understands that the storm costs incurred and paid to the vendor was not impacted by the Company’s use of a cost element specification. The Company confirmed that, “[*The cost element specification*] is an additional data point recorded to the GL for internal information tracking and reporting purposes.”

Audit's selections for review were drawn from the itemized costs within the work order detail. Supporting vendor invoices and/or rate calculations were requested for the verification of the storm costs deferred to the storm cost reserve account.

Vendor Invoice Verification Process

The Company explained the vendor invoice verification process in the following statement:

"...[The] invoice is not the source document utilized by the Company to itemize the invoice by cost element. When the Company receives a storm-related invoice, it initiates an invoice verification process as a 'sanity check' of the invoiced amounts, in order to verify the accuracy of the amounts billed to the Company. As part of this verification process, the Company recalculates the invoice, by cost element, using vendor timesheets, hours, and the current rates in effect in accordance with the applicable contractor agreements. This process serves two purposes. First, it provides an automated ability for the Company to verify the costs that have been billed to the Company are in accordance with the prevailing contract. In addition, it generates the costs by cost element that is utilized for informational purposes within the Company's cost repository."

The Company further clarified the vendor invoice verification process by stating that invoices are recalculated using vendor timesheets, hours, and the current rates in effect, allowing Company personnel to expeditiously enter information pulled from the vendor invoice into a database management system platform that will recalculate the total invoice amount by a subset of categories (referred to as cost elements in the Company's general ledger and data repository systems), thereby validating the accuracy of the vendor bill. If the recalculation does not match the total invoiced amount, then the Company explained that their "personnel will reject the bill and send back to the vendor for reprocessing/correction. This process serves as a key step in ensuring bills received are properly reviewed, recalculated, validated, and approved for payment processing." Audit understands that if the database management system recalculation totals the vendor invoice amount, then the Company personnel completes the validation work on the storm cost invoice without any findings and processes the invoice for payment.

Once the storm cost information is validated by the database platform, it is then processed through the procurement system, Maximo, for final approval. Upon final approval, an Accounts Payable bill payment authorization is generated for the storm cost. The Company clarified that the automatically generated invoice processing through Maximo interface, "allows for the elimination of duplicating the efforts of Company personnel from manually inputting the invoice amounts into the Maximo procurement system from the vendor invoice, and eliminating the risk of manual input error. The recalculated amounts (by cost element) determined by Company personnel using the database management system platform will interface into the

general ledger detail.” Audit acknowledges that the cost element detail in the general ledger is used for internal reporting and informational purposes only and the Company verified that, “*These cost elements are evaluated against the invoice categories for reasonableness to ensure the vendor has not incorrectly charged the Company in totality.*”

In support of the vendor invoice verification process, the Company provided a spreadsheet for the reconciliation of selected contractor invoices. Information included the amount that Audit selected, the selected invoice amount summarized by cost element, and the general ledger amount representing the itemized amount recorded.

Refer to the Work Order Detail section of this report for further information regarding the cost element specification.

10/16/19 Major Storm Event MS19F006 \$5,734,782

The DTN weather report for the October 16th major storm described a “high” probability (i.e. greater than 60%) of reaching EEI Level 3, as determined by wind speed greater than 45 mph and wind gusts greater than 50 mph, in the eastern region of the state. A Wind Advisory was issued by the National Weather Service (NWS) in addition to heavy rain. The Company provided a Troubles Report, submitted within the filing, which indicated that there were 1,306 reported troubles during the storm event. There were also 705 concurrent events listed on the Troubles report. Audit sampled trouble events from the Outage Management Troubles Report and reviewed the onsite date and time of the trouble, as well as the cause and location. The restoration date and time was also confirmed by Audit. No exceptions were noted.

Audit confirmed that the total number of reported troubles qualified this event as a major storm and subject to recovery of storm costs through the MSCR. Refer to the Definition of a Major Storm and Authorized Pre-Staging Event section of the report for details regarding the qualifying factors that determine whether the recovery of storm costs through the MSCR is authorized.

The provided Attachment Exhibit 1 depicts a summary of the 10/16/19 major storm costs as they tie to the filing. The following is a representation of these costs, which were reviewed by Audit:

External Contractors/Vendors, Mutual Aid, Procurement Cards	\$ 3,598,644
Direct Labor (PSNH and Other Eversource Companies)	1,311,969
Payroll Related Overheads and Taxes	75,858
Vehicles	251,077
Other Employee Related Expenses	23,738
Material (including Stores Loading and Lobby Stock)	53,678
Carrying Charge through April 30, 2021	<u>419,819</u>
Actual Storm Reserve Balance April 30, 2021 (rounded)	<u>\$ 5,734,782</u>

External Contractors/Vendors, Mutual Aid and Procurement Cards \$3,598,644

Documentation from the October 16, 2019 major storm, totaling \$3,598,644 in expenses, was submitted from contractors, vendors, and mutual aid invoices plus procurement card charges. Audit selected 27 invoices to review, totaling \$1,143,897 or 32% of the total amount in external contractors, vendors, mutual aid expenses, and procurement card charges. The following describes a summary of the expenses incurred, per expense category:

Contractor	\$ 2,821,415
Vegetation	485,890
Mutual Aid	-
Procurement Card	158,341
Environmental	47,675
Traffic Control / Police Services	34,730
Food and Lodging	50,595
Material	(1)
Other	-
Total Ext Contractors/Vendors, Mutual Aid, and Procurement Cards (rounded)	<u>\$ 3,598,644</u>

Contractor

A total of \$2,821,415 in Contractor charges was recorded on the storm reserve account. Audit selected two invoices, totaling \$803,851 or 28% of the contractor expense, to review in detail. Of the invoices reviewed, services provided from Holland Power and J.W. Didado Electric. Charges were for labor, equipment, and meals needed for the restoration of power. The Company submitted corresponding Labor Billing Reports, including the employee name, date and hourly rate for the working hours.

Audit requested documentation in support of the \$175,396 contractor expense that was charged to the storm cost reserve account. An invoice from Par Electrical Contractors, totaling \$194,587, was provided and reviewed by Audit. The Company explained that, *“The audit selection of \$175,396 (contractor labor) was pulled from the general ledger detail by cost*

element. The Par Electrical Contractor invoice detail depicted \$175,453 for contractor labor. The total invoice of \$194,586.92 and the total general ledger entry/payment of \$194,586.93 were off by \$0.01 due to rounding.”

Audit reviewed the reconciliation of the selected contractor invoices, provided by the Company, which depicted the amount of \$175,396 as summarized by cost element, as well as the general ledger amount representing the itemized amount recorded. Audit acknowledges that the total invoice of \$194,586.92 includes labor charges that were confirmed as \$175,396 during the Company’s invoice verification and recalculation process. No exceptions were noted.

Refer to the Work Order Detail section of this report for further information regarding the cost element specification. Refer to the Vendor Invoice Verification Process section of this report for further details.

Vegetation

Charges totaling \$485,890 were recorded to the storm cost reserve for Vegetation services provided during the October 16th major storm. Eleven invoices were reviewed by Audit, totaling \$92,293 or 19% percent of the total Vegetation invoices charged to the storm. All sampled vegetation services invoices were provided by Asplundh and Northern Tree. Audit reviewed the weekly operations reports, the hours recorded as worked, and the work order numbers. No exceptions were noted.

Procurement Card

The October 16th major storm reported Procurement Card expenses totaling \$158,341 and consisting of three categories: Food and Lodging, Material, and Miscellaneous. The following depicts the Procurement Card Summary of Expenditures by Description:

Food and Lodging	\$	156,882
Material		1,407
Miscellaneous		<u>53</u>
Total Procurement Cards (rounded)	\$	<u><u>158,341</u></u>

Audit selected eleven charges for review, totaling \$42,028 or 27% of the Procurement Card transactions. The Company provided copies of receipts and/or invoices in support of the selected charges. Reviewed invoices included expenses for lodging and meals provided during the 10/16/19 major storm. Audit verified the dates of the receipts, as well as the total charged, with no exceptions noted.

Environmental

Four invoices, totaling \$47,675, were charged to the storm reserve under the category of Environmental services. Audit reviewed two invoices from Clean Harbors, totaling \$17,063 or

36% of the Environmental expenses. Services provided included drum disposal and disposal to ESMI. Audit verified the dates of the services provided, as well as the total cost of the invoice. No exceptions were noted.

Traffic Control / Police Services

Charges for traffic control and police services totaled \$34,730 and consisted of eighteen invoices. Audit reviewed two invoices, from New England Traffic Control, totaling \$13,267 or 38% of the traffic control and police services rendered. Services provided included traffic control and utilized twelve officers. Audit noted the date of the invoice and recalculated the rate multiplied by the hours worked. No exceptions were noted.

Direct Labor (PSNH and other Eversource Companies) \$1,311,969

PSNH	\$	1,379,476
PSNH Transmission		143,655
EESCO		46,524
Capitalization		<u>(257,686)</u>
Storm-Related Payroll	\$	<u>1,311,969</u>

The Company provided the Itemization of Direct Labor spreadsheet, listing each job class by company, along with the per-employee hours worked and corresponding pay amount. Audit selected eleven individual employee direct labor charges for the PSNH, PSNH Transmission, and EESCO companies, with each representing eleven individual job descriptions. Audit reviewed the confidential supporting time sheets for the sampled selections, including the employee ID, title, time code, and weekending date. No exceptions were noted.

Regarding the method of capturing exempt employee time, Audit noted the following from the testimony of Erica L. Menard, Manager of New Hampshire Revenue Requirements, Bates page 000019 of the filing:

“Exempt employee time is captured and tracked in the same storm account. Since exempt employees are not routinely paid for overtime, this time entry is for tracking purposes only. During the most severe weather events, exempt employees are required to work an extensive number of hours over their typical work week. Depending on the severity of the event, exempt operations supervisory employees are paid for overtime worked during a storm event, consistent with the Eversource storm pay policy. For exempt employees who do not fall into the operations supervision category or if the ERP level of the event is not met, employees at the level of manager and below may be awarded fixed compensation.”

Audit noted that the 10/31/19 major storm was the only qualifying weather event to contain compensation awards for exempt employees. The Company verified that these overtime costs were removed from the storm costs. Refer to the *10/31/2019 Major Storm Event MS19G006* section of this report for details regarding the removal of overtime costs associated with storm-related capital work.

Audit identified a capitalization adjustment of (\$257,686) listed on the itemization of direct labor report and requested the supporting documentation. The Company provided a Capitalization of Restoration Costs report, detailing their capitalization adjustment calculation for the 10/16/2019 major storm. The accompanying journal entry was also reviewed with no exceptions noted.

Payroll-Related Overheads \$75,858

The Company provided the itemized payroll-related overhead amount, totaling \$75,858 for the October 16th major storm event that was charged to the storm cost reserve and reported in the filing. The charges were subtotaled by company, representing the sum of the non-productive time overhead and the payroll benefits.

Audit requested the calculation for determining the Non-Productive Time Rate (NPT) and the Payroll Benefits Rate (PBR). In response, the Company provided the 2019-2020 Loader rates for the NPT and PBR, as well as an Excel spreadsheet detailing the payroll-related overhead calculations for each of the 2019-2020 filed major storm and pre-stage weather events.

For all filed major storm and pre-stage events, Audit reviewed the non-productive time overhead and the payroll benefits, noting that they were calculated based on the direct labor amounts for the companies utilized. For the non-productive time overhead, the individual direct labor amounts were multiplied by the corresponding 2019 overhead rate. The payroll benefits for each division were calculated by taking the Company's corresponding 2019 overhead rate and multiplying it by the direct labor amount for the specific division. The product is then added to the division's direct labor amount and then multiplied by the Company's corresponding 2019 payroll benefit rate. Audit confirmed the NPT overhead and payroll benefits calculations using the verified 2019 overhead rate. The following is derived from the non-productive time overhead and payroll benefits calculation spreadsheet that was submitted by the Company:

PSNH		
Non-Productive Time Overhead	\$	-
Payroll Benefits		-
Total PSNH	\$	-
PSNH Transmission		
Non-Productive Time Overhead	\$	21,591
Payroll Benefits		54,267
Total PSNH Transmission	\$	75,858
EESCO		
Non-Productive Time Overhead	\$	-
Payroll Benefits	\$	-
Total EESCO	\$	-
Total Payroll-Related Overheads	\$	75,858

The NPT and PBR were confirmed to the 2019 Loader rates provided by the Company. Audit verified the accuracy of the payroll-related overhead calculations. No exceptions were noted.

Audit noted that the PSNH Transmission direct labor amounts, for the 10/16/19 major storm event, included a November and December 2019 total. Audit questioned the inclusion of the November and December direct labor amounts for the October 16th major storm. The Company explained with the following statement: *“Generally, the payroll related overheads for all storms in this filing fall within a three-month timeframe surrounding the storm event. The three-month window is appropriate because there is continuing work after the actual storm event concludes to make permanent repairs to damage that occurred during the actual storm event. In addition, there are times when payroll adjustments are made to reflect timesheet revisions that result in adjustments to payroll related overheads in months after the actual storm event.”*

Although Exhibit 4 of the Summary of Storm Costs identified PSNH and EESCO as having Direct Labor amounts totaling \$1,379,476 and \$46,524 respectively, there were no payroll-related overheads reported. The Company stated that, *“PSNH and EESCO overheads have historically not been transferred to the major storm reserve for cost recovery purposes, only direct labor amounts are transferred to the major storm reserve for cost recovery purposes.”*

Vehicles \$251,077

The total vehicle expense for the October 16th major storm was \$251,077. The following depicts the vehicle charges for the corresponding companies:

PSNH	\$	225,482
PSNH Transmission		24,532
EESCO		<u>1,063</u>
	\$	<u>251,077</u>

Vehicle usage amounts were recorded for PSNH, PSNH Transmission, and EESCO. The Company explained that, “*Vehicle costs are no longer calculated on a rate schedule, but rather are based on an allocation.*” Audit requested this allocation and the Company provided an Excel workbook with calculations made by department and vehicle, for the both the storm or pre-storm monthly vehicle cost by “sister company.” All of the vehicles were charged based on the current annual cost of each vehicle compared with the percentage of the total cost of the fleet, and the sum of the dollars of productive labor including overtime (OT).

Audit requested further explanation of the calculation for vehicle charges to the storm reserve. The Company replied with the following explanation:

“Beginning in 2016, Eversource transitioned to an allocation process for vehicle costs. The actual vehicle costs for each subsidiary are accumulated and allocated to departments based on their vehicle complement. The vehicle cost assigned to each department is then allocated at the work order level based on productive labor.”

Audit also reviewed the vehicle allocation calculations and supporting Excel worksheets, as submitted by the Company. The following describes the calculation method of vehicle charges to the storm reserve account:

The Cost Centers are assigned vehicles and then Source Cost Center clusters are developed, which are groupings of Cost Centers with a like compliment of vehicles (e.g. OH/UG lines, engineering, constructions, meters, etc.). Then, the total cost of the fleet for each cluster grouping is determined, based upon the current annual cost of each vehicle in that cluster. Each cluster’s percentage of the total cost of the fleet for that entity is determined. The cost center’s allocation percentage of the total cluster is then driven by the sum of the dollars of productive labor, including OT, but excluding non-productive and premium pay. The Cost Center’s labor will be used to allocate costs, using eligible work orders charged by each Source Cost Center to determine the number of labor dollars as a percentage of the total labor dollars in that cluster.

The vehicle costs are accumulated in FERC account 184010 by entity and will be cleared monthly according to the percentage applied to each cluster. The Company explained that the vehicle allocation process will run the 2nd workday of the month after all payroll charges have been recorded and the process allocates the current month’s expenses. Furthermore, the Company stated that, *“Due to the nature of the allocation process, minimal vehicle charges may remain in the clearing account and will be added to the following month.”*

Audit noted that the vehicle allocation calculation spreadsheet included a column showing the variance between the total vehicle amount manually calculated and the system calculated vehicle amount. The Company explained that, *“The manual calculation gets you close [to the actual allocation] and proves out the process behind the system allocation calculation, but there is a slight variance because there are some true-ups for previous months that happen as part of the system process.”*

Audit examined the Excel worksheets provided by the Company, detailing the 2019 and 2020 labor and vehicle allocation, based on vehicle percentage of usage within the specific company, as well as the annual cost of each vehicle within the cluster grouping. Companies used throughout all of the storm events’ vehicle allocation process include PSNH, PSNH Transmission, NSTAR Electric, WMECO Distribution, and EESCO. Audit requested the vehicle types and class of the vehicles for each fleet within the cluster groupings indicated on the vehicle allocation spreadsheets. The Company provided a spreadsheet with the listing of vehicles, as well as the 2019 and 2020 vehicle rates by type and class, with the calculation of the cluster percentages. Audit verified the vehicle cost totals by subsidiary and then confirmed the total vehicle cost charged to the storm reserve account for the October 16th major storm. No exceptions were noted.

Other Employee-Related Expenses \$23,738

The Employee-Related Expenses for the 10/16/19 major storm totaled \$23,738. The following represents the Summary of Expenditures by Company:

PSNH	\$	16,935
PSNH Transmission		3,673
EESCO		<u>3,129</u>
Rounded Total Other Employee-Related Expenses	\$	<u><u>23,738</u></u>

The Company provided a spreadsheet showing the amount of employee-related expenses by expense description which was sorted by company. Audit selected three items, totaling \$8,699 from the meals, mileage, and miscellaneous expense categories within PSNH, PSNH Transmission, and EESCO. Each of Audit’s selections had a purchase price over \$25, as the Company’s policy does not require an employee to submit a receipt if the purchase is under \$25.

In support of the charges, the Company provided scanned copies of receipts for meals and snacks, as well as the mileage calculation with mileage reimbursement rate. One exception was noted.

PSNH Transportation Expense: Audit requested documentation in support of the \$2,482 transportation expense that was charged to the storm cost reserve account. The Company did not provide the requested documentation in support of the charge. **AUDIT ISSUE #1**

Materials \$53,678

The Company provided a listing of all materials utilized during the storm, totaling \$53,678, including their quantities and total cost. Audit selected three materials charges, totaling \$39,026, that were listed as issued during the October 16th major storm. Documentation was requested in support of the items that were removed from inventory, including the storeroom location of the items removed. The Company provided a materials detail spreadsheet listing the materials, their quantities, cost, and corresponding storeroom locations. Audit also reviewed the provided Capitalization of Restoration Costs report calculations for the amount shown as capital adjustment, which are the O&M portion of the costs associated with work orders and adjustments that were made to the storm costs to include those O&M amounts as they were attributable to the storm event. Audit verified the recorded capitalization adjustment calculation of (\$56,737) for the materials expense. No exceptions were noted.

10/31/2019 Major Storm Event MS19G006 \$4,995,502

The October 31st major storm included the issuance of a Weather Advisory along with a forecast of heavy rainfall and wind gusts of 40-50mph. The Company provided a Troubles Report, submitted within the filing, which indicated that there were 1,327 reported troubles during the storm event. There were also 666 concurrent events listed on the troubles report. Audit sampled trouble events from the Outage Management Troubles Report and reviewed the onsite date and time of the trouble, as well as the cause and location. The restoration date and time was also confirmed by Audit. No exceptions were noted.

Audit confirmed that the total number of reported troubles qualified this event as a major storm and subject to recovery of storm costs through the MSCR. Refer to the Definition of a Major Storm and Authorized Pre-Staging Event section of the report for details regarding the qualifying factors that determine whether the recovery of storm costs through the MSCR is authorized.

The provided Attachment Exhibit 1 depicts a summary of the 10/31/19 major storm costs as they tie to the filing. The following is a representation of these costs, which were reviewed by Audit:

External Contractors/Vendors, Mutual Aid, Procurement Cards	\$ 2,966,621
Direct Labor (PSNH and other Eversource Companies)	1,286,664
Payroll Related Overheads and Taxes	106,058
Vehicles	193,793
Other Employee Related Expenses	89,694
Material	<u>12,073</u>
Total Storm Cost Transferred to Reserve	<u>\$ 4,654,903</u>
Carrying Charge through April 30, 2021	<u>\$ 340,599</u>
Actual Storm Reserve Balance April 30, 2021	<u>\$ 4,995,502</u>

External Contractors, Mutual Aid and Procurement Cards \$2,966,621

Documentation from the October 31, 2019 major storm was submitted from contractors, vendors, and mutual aid invoices plus procurement card charges. Audit selected 39 invoices, totaling \$1,254,301 of the contractor, vendor, mutual aid, and procurement card expenses.

Summary of Expenditures by Description:

Contractor	\$ 2,165,629
Vegetation	541,384
Mutual Aid	-
Procurement Card	166,083
Environmental	25,369
Traffic Control / Police Services	49,719
Food and Lodging	18,454
Material	(18)
Other	<u>-</u>
Total Contractors, Mutual Aid, and Procurement Cards (rounded)	<u>\$ 2,966,621</u>

Contractor

A total of \$2,165,629 in Contractor expenses was recorded on the storm reserve account. Audit selected ten invoices, totaling \$1,095,065 or 51% of the total contractor expenses, to review in detail. Charges were for the labor and vehicles needed to perform power restoration services. Invoices, timesheets, and the Contractor Daily Work Reports were reviewed. Services were rendered from PAR Electrical Contractors, Sumter Utilities, and Center Phase Energy and Audit reviewed the invoice total, the date of the work performed, the work order number, and the hours worked. No exceptions were noted.

Vegetation

There was \$541,384 in Vegetation services charged to the storm cost reserve for the October 31st major storm. Fourteen percent of the total vegetation invoices, totaling \$77,875,

was reviewed by Audit, including the Weekly Operations Reports. All vegetation services reviewed were provided by Asplundh Tree. No exceptions were noted.

Environmental

Audit reviewed two invoices from Clean Harbors Environmental Services, totaling \$9,020 or 36% of the environmental services expenses. The description on the invoices stated that the amount charged was for drum disposal and disposal to ESMI. Audit verified the invoice totals and the dates of services rendered.

Traffic Control / Police Services

A total expense of \$49,719 in traffic control/police services was recorded during the October 31st major storm. Audit reviewed two invoices, totaling \$18,006, and noted the services provided included traffic control for the City of Keene and the Town of New London. No exceptions were noted.

Food and Lodging

There was \$18,454 in food and lodging expenses recorded to the storm cost reserve. Audit reviewed two invoices, totaling \$8,936 or 48% of the food and lodging expenses. Charges were for meals, fuel, and toll fees. The dates of the invoice, as well as the total charge, was verified by Audit.

Procurement Card

The total Procurement Card expenses were for Food and Lodging, as well as Material and Miscellaneous charges. The following is the Summary of Expenditures by Description:

Food and Lodging	\$	165,622
Contractor		-
Material		200
Miscellaneous		<u>260</u>
Total Procurement Card (rounded)	\$	<u>166,083</u>

Audit selected four invoices to review in detail, totaling \$35,884 or 22% of the total Procurement Card Charges. Invoices reviewed were for lodging provided during the October 31st major storm event. Audit reviewed the dates of the room charges and the total of the invoices. No exceptions were noted.

Direct Labor (PSNH and other Eversource Companies) \$1,286,664

PSNH	\$ 1,252,383
NSTAR Electric	1,558
WMECO Distribution	109,260
PSNH Transmission	108,561
EESCO	21,931
Capital Adjustment	<u>(207,029)</u>
Storm-Related Payroll	<u>\$ 1,286,664</u>

The Company provided an Itemization of Direct Labor spreadsheet, listing each job class by company, along with the per-employee hours worked and corresponding pay amount. Audit selected twelve individual employee direct labor charges, including all five of the companies listed and representing twelve individual job descriptions. Audit reviewed the confidential supporting time sheets for the sampled selections, including the employee ID, title, time code, and week ending date. No exceptions were noted.

Audit identified a capitalization adjustment of (\$207,029) listed on the itemization of direct labor report and requested the supporting documentation. The Company provided a Capitalization of Restoration Costs report, detailing their capitalization adjustment calculation for the 10/31/2019 major storm. The accompanying journal entry was also reviewed with no exceptions noted.

Payroll-Related Overhead \$106,058

The Company provided the itemized payroll-related overhead amount, totaling \$106,058 for the October 31st major storm event that was charged to the storm cost reserve and reported in the filing. The charges were subtotaled by company, representing the sum of the NPT overhead and the PBR. For details regarding the Company’s calculation of overhead charges, refer to the Payroll-Related Overheads section of this report within the 10/16/19 major storm event.

The following is derived from the non-productive time overhead and payroll benefits calculation spreadsheet submitted by the Company:

PSNH		
Non-Productive Time Overhead	\$	-
Payroll Benefits		<u>-</u>
Total PSNH	\$	<u>-</u>
PSNH Transmission		
Non-Productive Time Overhead	\$	16,317
Payroll Benefits		<u>41,010</u>
Total PSNH Transmission	\$	<u>57,327</u>
NSTAR Electric		
Non-Productive Time Overhead	\$	<u>293</u>
Payroll Benefits		<u>392</u>
Total Mass East	\$	<u>685</u>
WMECO Distribution		
Non-Productive Time Overhead	\$	<u>20,552</u>
Payroll Benefits		<u>27,494</u>
Total Mass West	\$	<u>48,046</u>
EESCO		
Non-Productive Time Overhead	\$	<u>-</u>
Payroll Benefits	\$	<u>-</u>
Total EESCO	\$	<u>-</u>
Total Payroll-Related Overheads	\$	<u><u>106,058</u></u>

Audit confirmed the NPT and PBR to the 2019 Loader rates provided by the Company. Audit then verified the accuracy of the payroll-related overhead calculations. No exceptions were noted.

Although Exhibit 4 of the Summary of Storm Costs identified PSNH and EESCO as having Direct Labor amounts totaling \$1,252,383 and \$21,931 respectively, there were no payroll-related overheads reported. Refer to the 10/16/19 *Payroll-Related Overheads* section of the report for details regarding the overheads not transferred to the MSCR for recovery purposes.

Audit noted that the PSNH Transmission and WMECO direct labor amounts, for the 10/31/19 major storm event, included a December 2019 total. Refer to the 10/16/19 *Payroll-Related Overheads* section of the report for details regarding the inclusion of December 2019 direct labor amounts in the 10/31/19 major storm calculations for the NPT and PBR.

Vehicles \$193,793

The vehicle expense for the October 31st major storm totaled \$193,793. The following vehicle charges were identified by company:

PSNH	\$ 162,684
PSNH Transmission	14,659
Mass West	16,253
EESCO	<u>196</u>
Total Vehicles (rounded)	<u>\$ 193,793</u>

Vehicle usage amounts were recorded for PSNH, PSNH Transmission, Mass West, and EESCO. Audit reviewed the vehicle allocation calculations and confirmed the reported vehicle cost totals for each subsidiary. Audit then verified the total vehicle cost of \$193,793 that was charged to the storm reserve account for the October 31st major storm. No exceptions were noted. Refer to the 10/16/19 Major Storm Event MS19F006, Vehicles section of the report for further details regarding the calculation process for the vehicle usage amounts.

Other Employee-Related Expenses \$89,694

The Employee-Related Expenses for the 10/31/19 major storm totaled \$89,694. The following represents the Summary of Expenditures by Company:

PSNH	\$ 69,693
PSNH Transmission	7,718
Mass West	2,226
EESCO	<u>10,058</u>
Rounded Total Other Employee-Related Expenses	<u>\$ 89,694</u>

The Company provided a spreadsheet detailing the amount of employee-related expenses by expense description and sorted by company. Within the itemization of the employee-related expenses, there was a \$1,500 “incentive pay” made to a PSNH employee. Audit acknowledges that on Bates page 000020 of the testimony of Erica L. Menard, Manager of New Hampshire Revenue Requirements, *“the October 31, 2019 major storm, contains compensation awards [i.e. stipends] for exempt employees who worked extended hours in support of the restoration process.”* Audit reviewed the Eversource Compensation Policy effective 3/21/2018, confirming the allowance of incentive pay *“based on variables such as storm severity and timing as well as a review of hours worked.”*

Audit selected thirteen items from the meals, mileage, and miscellaneous expense categories within PSNH, PSNH Transmission, and EESCO. Each of Audit’s selections had a purchase price over \$25, as the Company’s policy does not require an employee to submit a receipt if the purchase is under \$25. Two exceptions were noted.

PSNH Miscellaneous: Audit requested documentation in support of two individual miscellaneous expense charges, in the amount of \$498 and \$188, that was charged to the storm cost reserve account. No invoices were provided that depicted the \$498 charge or the \$188 charge. **AUDIT ISSUE #1**

Materials \$12,073

The materials expense for the October 31st major storm, totaled \$12,073. The Company provided a listing of all materials, including their quantities and total cost, as they were utilized. Audit selected three materials charges, totaling \$6,635, that were listed as issued during the October 31st major storm. Documentation was requested in support of the items that were removed from inventory, including the storeroom location of the items removed. The Company provided a materials detail spreadsheet listing the materials, their quantities, cost, and corresponding storeroom locations. Audit also reviewed the provided Capitalization of Restoration Costs report calculations for the amount shown as a capital adjustment. Audit verified the recorded capitalization adjustment calculation of (\$51,944) for the materials expense with no exceptions noted. Refer to the Materials section within the 10/16/19 Major Storm Event MS19F006 for details regarding the capitalization of restoration material costs.

12/02/19 Pre-Stage Event EXPSTGE9 \$262,307

Order No. 25,465, issued on February 26, 2013, of Docket No. DE 12-320 states that, *“For weather events having a ‘high’ probability, that is, greater than 60% of reaching EEI Level 3, pre-staging costs would be charged to the MCSR.”* Audit requested and reviewed the weather forecast for each of the filed storm events, as outlined in summaries from the DTN. According to the Schneider Electric Event Index Definition, the weather forecast for the 12/2/19 weather event was described with a “high” probability (i.e. greater than 60%) of reaching EEI Level 3, as determined by snow accumulation greater than 8 inches, in all of the 5 regions of the state. The forecast over the next few days included a “high” probability (i.e. greater than 60%) of reaching EEI Level 4, as determined by snow accumulation greater than 12 inches, in the Central, Eastern, Southern, and Western regions of the state.

Audit confirmed that the December 2nd pre-stage weather event met the required criteria, as identified in Order No. 25,465, to qualify for the recovery of “pre-staging” costs. Refer to the Definition of a Major Storm and Authorized Pre-Staging Event section of this report for details regarding the qualifying factors that determine whether the recovery of storm costs through the MSCR is authorized.

The provided Attachment Exhibit 1 depicts a summary of the 12/2/19 pre-staging costs as they tie to the filing. The following is a representation of these costs, which were reviewed by Audit:

External Contractors/Vendors, Mutual Aid, Procurement Cards	\$	179,091
Direct Labor (PSNH and other Companies)		41,575
Payroll Related Overheads and Taxes		1,375
Vehicles		23,205
Other Employee-Related Expenses		581
Materials		-
Total Storm Cost Transferred to Reserve	\$	245,827
 Carrying Charge through April 30, 2021	 \$	 16,481
Actual Storm Reserve Balance April 30, 2021 (rounded)	\$	262,307

External Contractors/Vendors, Mutual Aid and Procurement Cards \$179,091

Documentation from the December 2nd pre-stage weather event, totaling \$262,307 in expenses, was submitted from contractors, vendors, and mutual aid invoices plus procurement card charges. Audit selected five invoices for review from the total contractors/vendors, mutual aid and procurement card charges.

Summary of Expenditures by Description:

Contractor	\$	170,137
Vegetation		-
Mutual Aid		-
Procurement Card		7,409
Environmental		-
Traffic Control / Police Services		424
Food and Lodging		1,121
Material		-
Other		-
Total External Contractors / Vendors, Mutual Aid, and Procurement Cards	\$	179,091

Contractor

A total of \$179,091 in contractor expenses was recorded on the storm reserve account. Audit selected three amounts, totaling \$76,162 or 43% of the contractor expense, to review in detail. Charges were for the labor needed for storm restoration services. The invoice, the Contractor Daily Work Report and time sheet were reviewed by Audit, including the date of the work performed and/or the work order number, as well as the billable hours. No exceptions were noted.

Procurement Card

The total Procurement Card expenses of \$7,409 was for Food and Lodging and Material charges. The following is the Summary of Expenditures by Description:

Food and Lodging	\$ 7,398
Contractor	-
Material	11
Miscellaneous	<u>-</u>
Rounded Total Procurement Cards	<u><u>\$ 7,409</u></u>

Audit selected one invoice, totaling \$2,581 or 35% of the procurement card expenses, to review in detail. The charges were for catering services provided for eighty guests. Audit confirmed the date of the catering service and the total of the invoice. No exceptions were noted.

Traffic Control / Police Services

Charges for traffic control and police services totaled \$424 and consisted of one invoice. Audit reviewed the invoice from the New England Traffic Control Services, noting that services provided included traffic control.

Food and Lodging

A total of \$1,121 in Food and Lodging charges were recorded to the storm cost reserve. Audit selected one charge, in the amount of \$1,020, for further review. The supporting invoice for the charge was for 48 meals provided at a per diem rate of \$20, as well as one lodging charge for \$60.

Direct Labor (PSNH and other Eversource Companies) \$41,575

PSNH	\$ 37,703
PSNH Transmission	2,606
EESCO	<u>1,265</u>
Rounded Storm-Related Payroll	<u><u>\$ 41,575</u></u>

The Company provided an Itemization of Direct Labor spreadsheet, which listed each job class by company, along with the per-employee hours worked and corresponding pay amount. Audit selected five individual employee direct labor charges, including all three of the companies listed and representing four different job descriptions. Audit reviewed the confidential supporting time sheets for the sampled selections, including the employee ID, title, time code, and weekending date. No exceptions were noted.

Payroll-Related Overheads \$1,375

The Company provided the itemized payroll-related overhead amount, totaling \$1,375 for the December 2nd pre-stage weather event, that was charged to the storm cost reserve and reported in the filing. The charges were subtotaled by company, representing the sum of the non-productive time overhead and the payroll benefits. Refer to the 10/16/19 major storm’s Payroll-Related Overheads section of this report for details on how the Company calculated the overhead charges.

The following is derived from the non-productive time overhead and payroll benefits calculations that were submitted by the Company:

PSNH

Non-Productive Time Overhead	\$	-
Payroll Benefits		-
Total PSNH		-

PSNH Transmission

Non-Productive Time Overhead	\$	392
Payroll Benefits		983
Total PSNH Transmission		1,375

EESCO

Non-Productive Time Overhead	\$	-
Payroll Benefits		-
Total EESCO		-
Total Payroll-Related Overheads		1,375

Audit confirmed the NPT and PBR to the 2019 Loader rates provided by the Company. Audit then verified the accuracy of the payroll-related overhead calculations, noting that the direct labor amounts for PSNH Transmission included January and February 2020 totals for the 12/2/19 pre-stage weather event. Refer to the 10/16/19 Payroll Related Overheads section of this report for details describing the inclusion of months outside of the date of the audited storm event.

Audit questioned why PSNH and EESCO are listed with Direct Labor charges—\$37,703 and \$1,265 respectively—but they do not have any payroll-related overheads reported. For the Company’s response, refer to the 10/16/19 Payroll-Related Overhead section of this report.

Audit noted a variance between the PSNH and EESCO direct labor amounts of \$37,703 and \$1,265, respectively, as reported on Exhibit 4 within the Summary of Storm-Related Payroll Costs, versus the PSNH amount of \$48,075.82 and the EESCO amount of \$1,546.76 as calculated for the total PSNH and EESCO labor. The Company explained that, “The \$37,703 for

PSNH and \$1,265 for EESCO as shown in Attachment ELM-3, Exhibit 4 represent the incremental labor costs associated with overtime and/or premium hours and do not include base straight time labor because this event is a pre-staging event which only recovers incremental costs. The \$48,075.82 for PSNH and \$1,546.76 for EESO represent all labor charged to the storm event and includes base labor amounts of \$10,372.53 for PSNH and \$281.36 for EESCO which are not being included in the cost recovery amounts. Additionally, payroll overheads are not calculated or included in the cost recovery from the Major Storm Cost Reserve for PSNH and EESCO.”

Vehicles \$23,205

The total vehicle expense for the December 2nd pre-stage weather event was \$23,205. The following vehicle charges were broken down by entity:

PSNH	\$	22,246
PSNH Transmission		958
EESCO		-
Rounded Total Vehicles	\$	23,205

Vehicle usage amounts were recorded for PSNH and PSNH Transmission. Audit reviewed the vehicle allocation calculations and confirmed the reported vehicle cost totals for each subsidiary. Audit then verified the total vehicle cost of \$23,205 that was charged to the storm reserve account for the December 2nd pre-stage weather event. No exceptions were noted. Refer to the *10/16/19 Major Storm Event MS19F006, Vehicles* section of the report for further details regarding the calculation process for the vehicle usage amounts.

Other Employee-Related Expenses \$581

The Company provided a spreadsheet showing the amount of employee-related expenditures by expense description and sorted by company. The following represents the total Employee-Related Expenses for the December 2nd pre-stage weather event:

PSNH	\$	521
PSNH Transmission		60
EESCO		-
Total Other Employee-Related Expenses	\$	581

The Company provided a spreadsheet showing the amount of employee-related expenses by expense description and sorted by company. There were 30 individual charges, totaling \$581 for the other employee-related expense that was charged to the storm cost reserve. Of the 30 items, 26 of the them were for amounts less than \$25. Audit selected one item, totaling \$40, from the Contractual Meals expense category. Audit’s selection had a purchase price over \$25, as the Company’s policy does not require an employee to submit a receipt if the purchase is

under \$25. The Company provided their meal policy which states that, “*For a day worker, [a minor] meal...shall be subject to a \$10.00 maximum payment/reimbursement limitation. For a day worker, [a major] meal...shall be subject to a \$20.00 maximum payment/reimbursement limitation.*” Audit noted that the \$40 contractual meal was for an employee who worked a 12 hour shift and was therefore allowed 2 minor meals at \$10 each and 1 major meal at \$20. No exceptions were noted.

12/30/19 Pre-Stage Event EXPSTF9 \$216,942

The weather forecast for the December 30, 2019 pre-stage weather event described a “high” probability (i.e. greater than 60%) of reaching EEI Level 3, as determined by snow accumulation that is greater than eight inches, in the Northern region of the state. Audit confirmed that this weather event qualified for the recovery of pre-staging costs, as defined in Order 25,465 issued on 2/26/2013 in docket DE 12-320. A summary of the pre-stage cost recovery qualifications is located within the Definition of a Major Storm and Authorized Pre-Staging Event section of this report.

Audit was provided with Exhibit 1, which summarized the costs for the December 30, 2019 pre-stage event as follows:

External Contractors/Vendors, Mutual Aid, Procurement Cards	\$ 175,615
Direct Labor (PSNH and other Eversource Companies)	18,124
Payroll Related Overheads and Taxes	420
Vehicles	8,188
Other Employee Related Expenses	<u>1,342</u>
Total Storm Cost Transferred to Reserve	<u>\$ 203,689</u>
Carrying Charge through April 30, 2021	<u>13,252</u>
Actual Storm Reserve Balance April 30, 2021 (rounded)	<u><u>\$ 216,942</u></u>

External Contractors/Vendors, Mutual Aid and Procurement Cards \$175,615

Documentation from the December 30th pre-stage weather event, totaling \$216,942 in expenses, was submitted from contractors, vendors, and mutual aid invoices plus procurement card charges. The following represents the summary of expenditures by description:

Contractor	\$	167,451
Vegetation		-
Mutual Aid		-
Procurement Card		7,327
Environmental		-
Traffic Control / Police Services		-
Food and Lodging		838
Material		-
Other		-
Rounded Total Contractors / Vendors, Mutual Aid, and Procurement Cards		\$ 175,615

Audit selected eight invoices for review, totaling \$78,811 or 45% of the total contractors/vendors, mutual aid and procurement card charges. Invoices and copies of receipts supporting the charges were provided by the company.

Contractor

A total of \$167,451 in contractor expenses was recorded on the storm cost reserve account. Audit selected invoices totaling \$73,973, or 44% of total contractor expenses, to review in detail. Charges were for labor needed to “stand-by” for possible storm restoration services. Invoices and the accompanying Contractor Daily Work Report were reviewed by Audit, including the invoice total, the date of the work performed and/or the work order number.

Food and Lodging

A total of \$838 in meals charges was expensed to the storm cost reserve. Audit reviewed two invoice from Michaels Corporation and Grattan Line Construction Group, totaling \$620 or 74% of the food and lodging expense. Charges were for thirty-one meals at a per diem rate of \$20 each. No exceptions were noted.

Procurement Card

The 12/30/19 pre-stage event procurement card expenses totaled \$7,327 and were categorized as Food and Lodging charges. The following depicts the Procurement Card Summary of Expenditures by description:

Food and Lodging	\$	7,327
Contractor		-
Material		-
Miscellaneous		-
Total Procurement Cards		\$ 7,327

Audit selected one invoice, totaling \$4,218 or 58% of the total procurement expense, to review in detail. One exception was noted.

The Hampton Inn: The Company stated that, “[We are] working to retrieve the receipt for the \$[4,218] ‘JPM-HAMPTON INNORMAND,ERIN L’, storm event 12-30-19 EXPSTGF9 from archives and will provide it to Audit as soon as it becomes available.” **AUDIT ISSUE #1**

Direct Labor (PSNH and other Eversource Companies) \$18,124

PSNH	\$	17,116
PSNH Transmission		873
EESCO		135
Storm-Related Payroll	\$	18,124

The Company provided an Itemization of Direct Labor spreadsheet that listed each job class by company, along with the per-employee hours worked and corresponding pay amount. Audit selected a total of four individual employee direct labor charges, including all three of the companies listed and representing three individual job descriptions. Audit reviewed the confidential supporting time sheets for the sampled selections, including the employee ID, title, time code, and weekending date. No exceptions were noted.

Payroll-Related Overheads \$420

The Company provided the itemized payroll-related overhead amount, totaling \$420 for the 12/30/19 pre-stage weather event, that was charged to the storm cost reserve and reported in the filing. The charges were subtotaled by company, representing the sum of the non-productive time overhead and the payroll benefits. Refer to the 10/16/19 major storm’s *Payroll-Related Overheads* section of this report for the details regarding the Company’s calculation of overhead charges. The following is derived from the non-productive time overhead and payroll benefits calculations that were submitted by the Company:

PSNH		
Non-Productive Time Overhead	\$	-
Payroll Benefits		-
Total PSNH	\$	-
PSNH Transmission		
Non-Productive Time Overhead	\$	129
Payroll Benefits		291
Total PSNH Transmission	\$	420
EESCO		
Non-Productive Time Overhead	\$	-
Payroll Benefits		-
Total EESCO	\$	-
Total Payroll-Related Overheads	\$	420

The NPT and PBR were confirmed to the 2020 Loader rates with no exceptions. Audit then verified the accuracy of the payroll-related overhead calculations, noting that the direct labor amounts for PSNH Transmission included a January, February and March 2020 total for the December 30th pre-stage weather event. Refer to the 10/16/19 major storm’s Payroll Related Overheads section of this report for details regarding the inclusion of months outside of the date of the audited storm event.

Audit questioned why PSNH and EESCO are listed with Direct Labor charges—\$17,116 and \$135 respectively—when they do not have any payroll-related overheads reported. For the Company’s response, refer to the 10/16/19 major storm’s Payroll-Related Overheads section of this report.

Audit noted a variance between the PSNH direct labor amounts of \$17,116, as reported on Exhibit 4 within the Summary of Storm-Related Payroll Costs, versus the PSNH calculated total labor amount of \$18,360. Refer to the Payroll-Related Overheads section of the 12/02/19 Pre-Stage Event EXPSTGE9 for further details regarding the recovery of incremental costs.

Vehicles \$8,188

The total vehicle expense for the December 30th pre-stage weather event totaled \$8,188. The following vehicle charges were identified by company:

PSNH	\$	7,855
PSNH Transmission		334
EESCO		-
Total Vehicles (Rounded)	\$	8,188

Vehicle usage amounts were recorded for PSNH and PSNH Transmission. Audit reviewed the vehicle allocation calculations and confirmed the reported vehicle cost totals for each subsidiary. Audit then verified the total vehicle cost of \$8,188 that was charged to the storm reserve account for the December 30th pre-stage weather event. No exceptions were noted. Refer to the 10/16/19 Major Storm Event MS19F006, Vehicles section of the report for further details regarding the calculation process for the vehicle usage amounts.

Other Employee-Related Expenses \$1,342

The Company provided a spreadsheet showing the amount of employee-related expenditures by expense description and sorted by company. The following represents the total Other Employee-Related Expenses for the December 30th pre-stage storm event:

PSNH	\$ 1,160
PSNH Transmission	120
EESCO	<u>62</u>
Total Other Employee-Related Expenses	<u>\$ 1,342</u>

Audit selected one item, totaling \$353, from the travel expense category within PSNH. Audit’s selection had a purchase price over \$25, as the Company’s policy does not require an employee to submit a receipt if the purchase is under \$25. The Company provided scanned copies of invoices from the Double Tree by Hilton, in support of the \$353 expense. Charges were for parking and lodging on 12/29/19 – 12/30/19. No exceptions were noted.

02/07/2020 Major Storm MS20A006 \$3,882,120

The DTN weather forecast for the February 7th major storm event described a “high” probability (i.e. greater than 60%) of reaching EEI Level 3, as determined by snow accumulation that is greater than eight inches, for the northern region of the state. The Company provided a Troubles Report, submitted within the filing, which indicated that there were 572 reported troubles during the storm event. There were also 275 concurrent events listed on the Troubles report. Audit sampled trouble events from the Outage Management Troubles Report and reviewed the onsite date and time of the trouble, as well as the cause and location. The restoration date and time was also confirmed by Audit. No exceptions were noted.

Audit confirmed that the total number of reported troubles qualified this event as a major storm and subject to recovery of storm costs through the MSCR. Refer to the Definition of a Major Storm and Authorized Pre-Staging Event section of the report for details regarding the qualifying factors that determine whether the recovery of storm costs through the MSCR is authorized.

The provided Attachment Exhibit 1 depicts a summary of the 2/7/20 major storm costs as they tie to the filing. The following is a representation of these costs, which were reviewed by Audit:

External Contractors/Vendors, Mutual Aid, Procurement Cards	\$ 2,579,616
Direct Labor (PSNH and other Eversource Companies)	798,284
Payroll Related Overheads and Taxes	47,503
Vehicles	213,256
Other Employee Related Expenses	13,584
Material	<u>9,816</u>
Total Storm Cost Transferred to Reserve	<u>\$ 3,662,058</u>
Carrying Charge through April 30, 2021	<u>\$ 220,061</u>
Actual Storm Reserve Balance April 30, 2021 (rounded)	<u>\$ 3,882,120</u>

External Contractors, Mutual Aid and Procurement Cards \$2,579,616

Documentation from the February 7, 2020 major storm event, totaling \$2,579,616 in expenses, was submitted from contractors, vendors, and mutual aid invoices plus procurement card charges. Audit selected twenty-two invoices, totaling \$1,100,155, or 43% of the total amount of contractor, vendor, mutual aid, and procurement card expenses.

Summary of Expenditures by Description:

Contractor	\$ 2,137,273
Vegetation	231,369
Mutual Aid	-
Procurement Card	121,681
Environmental	6,246
Traffic Control / Police Services	33,894
Food and Lodging	49,153
Material	-
Other	<u>-</u>
Total Contractors, Mutual Aid, and Procurement Cards	<u>\$ 2,579,616</u>

Contractor

A total of \$2,137,273 in Contractor amounts was recorded on the storm reserve account. Audit selected six invoices, totaling \$1,006,249, or 47% of total contractor expenses, to review in detail. Audit reviewed the individual invoices and accompanying Contractor Daily Work Reports and/or timesheets, noting the total amount and date. One exception was noted.

Tempest Energy, LLC: An invoice, totaling \$222,568 was for labor, equipment, and meals and lodging expenses. The Company charged \$176,636 of the invoice to the storm cost

reserve for labor needed in the restoration of power. Audit recalculated the labor charges for a total of \$175,726, resulting in a \$910 overcharge to the storm cost reserve. **AUDIT ISSUE #2**

Vegetation

Expenditures totaling \$231,369 were charged to the storm reserve for vegetation services provided during the February 7th major storm. Audit reviewed seven invoices, totaling \$21,936. Charges were from Asplundh Tree for labor and equipment services needed for power restoration. The work order number and/or date on the Weekly Operations Reports, as well as the total amount charged was verified. No exceptions were noted.

Procurement Card

The Procurement Card expenses for the 02/07/20 major storm event totaled \$121,681. The following depicts the summary of expenditures by description:

Food and Lodging	\$	121,532
Contractor		-
Material		149
Miscellaneous		-
Total Procurement Cards	\$	<u>121,681</u>

Audit selected five invoices to review in detail, totaling \$53,205 or 44% of the entire procurement card expense. Invoices reviewed were for lodging at the Best Western and the Courtyard by Marriott. Charges incurred were between the dates of 2/7/20 and 2/8/20. Three exceptions were noted.

Best Western: Regarding Audit’s selections for the Best Western, the Company stated that, *“Please note that upon review of the invoices for the selections from the MS20A006 storm event on 2/7/2020, two of the invoices were identified as having charges for a different storm event that occurred on October 29, 2020 and were therefore incorrectly charged to the MS20A006 storm work order. As a result, the \$[4,469] for the Best Western Executive and the \$[2,616] for the Best Western will be removed from the cost recovery request and transferred to expense along with the associated return calculated.”* **AUDIT ISSUE #3**

North Conway Grand Hotel: Regarding a charge from the North Conway Grand Hotel, the Company stated that, *“In addition, the Company reviewed all PCard charges that were paid outside of the storm window and identified two other transactions that will be removed from the storm cost recovery request and transferred to expense, along with the associated return calculated. For the 2/7/2020 MS20A006 storm event, the transaction JPM - NORTH CONWAY GRAND HOTDELISLE, JEANA in the amount of \$[776] will be removed.”* **AUDIT ISSUE #3**

Food and Lodging

Audit selected one expense to review in detail, totaling \$35,375 or 72% of the entire Food and Lodging expense. No exceptions were noted.

Direct Labor (PSNH and other Eversource Companies) \$798,284

The direct labor expenses totaled \$798,284 for the 2/7/20 major storm. The following depicts the summary of direct labor costs by company:

PSNH	\$	748,787
CL&P		2,103
NSTAR Electric		5,409
WMECO		26,609
PSNH Transmission		71,173
EESCO		12,120
Capital Adjustment		<u>(67,917)</u>
Storm-Related Payroll	\$	<u>798,284</u>

The Company provided an Itemization of Direct Labor spreadsheet, which listed each job class by company, along with the per-employee hours worked and corresponding pay amount. Audit selected nine individual employee direct labor charges for the PSNH, PSNH Transmission, NSTAR Electric, WMECO, and EESCO companies. The selected labor charges represented nine different job descriptions. Audit reviewed the confidential supporting time sheets for the sampled selections, including the employee ID, title, time code, and weekending date. No exceptions were noted.

Audit identified a capitalization adjustment of (\$67,917) listed on the itemization of direct labor report and requested the supporting documentation. The Company provided a Capitalization of Restoration Costs report, detailing their capitalization adjustment calculation for the 2/7/2020 major storm. The accompanying journal entry was also reviewed with no exceptions noted.

Payroll-Related Overhead \$47,503

The Company provided the itemized payroll-related overhead amount, totaling \$47,503 for the 2/7/20 major storm, that was charged to the storm cost reserve and reported in the filing. The charges were subtotaled by company, representing the sum of the non-productive time overhead and the payroll benefits. Refer to the *Payroll-Related Overheads* section, of the 10/16/19 major storm event, for detail regarding the Company’s calculation of overhead charges.

The following is derived from the non-productive time overhead and payroll benefits calculations that were submitted by the Company:

PSNH		
Non-Productive Time Overhead	\$	-
Payroll Benefits		-
Total PSNH	\$	-
CL&P		
Non-Productive Time Overhead	\$	316
Payroll Benefits		1,029
Total CL&P	\$	1,345
NSTAR Electric		
Non-Productive Time Overhead	\$	1,010
Payroll Benefits		997
Total NSTAR Electric	\$	2,007
WMECO		
Non-Productive Time Overhead	\$	4,968
Payroll Benefits		4,904
Total WMECO	\$	9,872
PSNH Transmission		
Non-Productive Time Overhead	\$	10,541
Payroll Benefits		23,738
Total PSNH Transmission	\$	34,279
EESCO		
Non-Productive Time Overhead	\$	-
Payroll Benefits		-
Total EESCO	\$	-
Total Payroll-Related Overheads	\$	47,503

The NPT and PBR were confirmed to the 2020 Loader rates with no exceptions. Audit then verified the accuracy of the payroll-related overhead calculations, noting that the direct labor amounts for PSNH Transmission and NSTAR Electric included a March 2020 total for the February 7th major storm. Refer to the 10/16/19 major storm's *Payroll Related Overheads* section of this report for details regarding the inclusion of months outside of the date of the audited storm event.

Audit questioned why PSNH and EESCO are listed with Direct Labor charges of \$748,787 and \$12,120 respectively, when they do not have any payroll-related overheads reported. For the Company's response, refer to the 10/16/19 major storm's *Payroll-Related Overheads* section of this report.

Vehicles \$213,256

The vehicle expense for the February 7th major storm totaled \$213,256. The following vehicle charges were identified by company:

PSNH	\$ 188,256
CL&P	459
NSTAR Electric	702
WMECO	8,290
PSNH Transmission	15,454
EESCO	<u>96</u>
Total Vehicles (rounded)	<u>\$ 213,256</u>

Vehicle usage amounts were recorded for six companies. Audit reviewed the vehicle allocation calculations and confirmed the reported vehicle cost totals for each subsidiary. Audit then verified the total vehicle cost of \$213,256 that was transferred to the storm reserve account for the February 7th major storm. Audit noted a variance of \$(178) between the vehicle cost total of \$213,256 that was transferred to the storm cost reserve account and the filed vehicles cost total of \$213,434. Refer to the *Summary of Requested Storm and Pre-Staging Cost Recovery* section of the report for further details regarding the variance. Refer to the *10/16/19 Major Storm Event MS19F006, Vehicles* section of the report for further details regarding the calculation process for the vehicle usage amounts.

Other Employee-Related Expenses \$13,584

PSNH provided a spreadsheet showing the amount of employee-related expenditures by expense description and sorted by company. The following represents the total Employee-Related Expenses for the February 7th major storm:

PSNH	\$ 8,825
WMECO	360
PSNH Transmission	3,163
EESCO	<u>1,236</u>
Total Other Employee-Related Expenses	<u>\$ 13,584</u>

Audit selected eleven charges from the meals, mileage, and transportation categories within PSNH, PSNH Transmission, and EESCO. Documentation was requested in support of the charges. Audit's selection had a purchase price over \$25, as the Company's policy does not require an employee to submit a receipt if the purchase is under \$25. The Company provided scanned copies of receipts, and invoices, as well as the mileage calculation with the mileage reimbursement rate. Four exceptions were noted.

PSNH Miscellaneous: Audit requested documentation in support of three individual miscellaneous expense charges that were charged to the storm cost reserve account. The three selections were in the amount of \$134, \$259, and \$147. No invoices were provided that depicted the \$134 charge, the \$259 charge, or the \$147 charge. **AUDIT ISSUE #1**

PSNH Transportation Expense: Audit requested documentation in support of the \$567 transportation expense that was charged to the storm cost reserve account. No invoice was provided that depicted the \$567 charge. **AUDIT ISSUE #1**

Materials \$9,816

The materials expense for the February 7th major storm, totaled \$9,816. The Company provided a listing of all materials, including their quantities and total cost, as they were utilized. Audit selected one materials charge, totaling \$2,591, that were listed as issued during the 2/7/20 major storm. Documentation was requested in support of the items that were removed from inventory, including the storeroom location of the items removed. The Company provided a materials detail spreadsheet listing the materials, their quantities, cost, and corresponding storeroom locations. Audit also reviewed the provided Capitalization of Restoration Costs report calculations for the amount shown as a capital adjustment. Audit verified the recorded capitalization adjustment calculation of (\$17,169) for the materials expense with no exceptions noted. Refer to the *Materials* section within the *10/16/19 Major Storm Event MS19F006* for details regarding the capitalization of restoration material costs.

02/26/2020 Pre-Stage Event EXPSTGB0 \$36,321

The weather forecast for the February 26, 2020 pre-stage event described a “high” probability (i.e. greater than 60%) of reaching EEI Level 3, as determined by snow accumulation that is greater than eight inches, in the northern region of the state. This weather event qualified for the recovery of pre-staging costs, as defined in Order 25,465 issued on 2/26/2013 in docket DE 12-320. Refer to the *Definition of a Major Storm and Authorized Pre-Staging Event* section of this report for a summary of the pre-stage storm event cost recovery qualifications.

Audit was provided with Exhibit 1, which summarized the costs for the February 26, 2020 pre-stage event as follows:

External Contractors/Vendors, Mutual Aid, Procurement Cards	\$ 25,485
Direct Labor (PSNH and Other Eversource Companies)	6,048
Payroll Related Overheads and Taxes	-
Vehicles	2,596
Other Employee Related Expenses	247
Material	<u>-</u>
Total Storm Cost Transferred to Reserve	<u>\$ 37,376</u>
Carrying Charge through April 30, 2021	<u>1,946</u>
Actual Storm Reserve Balance April 30, 2021 (rounded)	<u>\$ 36,321</u>

External Contractors/Vendors, Mutual Aid and Procurement Cards \$25,485

Documentation from the February 26th pre-stage storm event, totaling \$25,485 in expenses, was submitted from contractors, vendors, and procurement card charges. Audit selected four invoices, totaling \$14,158 or 56% of the total contractors/vendors, mutual aid, and procurement card expenses to review. The following is the summary of expenditures by description:

Contractor	\$ 23,155
Vegetation	-
Mutual Aid	-
Procurement Card	85
Environmental	-
Traffic Control / Police Services	2,246
Food and Lodging	-
Material	-
Other	<u>-</u>
Total External Contractors / Vendors and Procurement Cards (rounded)	<u>\$ 25,485</u>

Contractor

Fifteen invoices, totaling \$23,155 in contractor expenses, were recorded to the storm cost reserve account. Audit selected two invoices, in the amount of \$12,656 or 55% of the total contractor expense, to review in detail. The contractor services were provided by Grattan Line and JCR Construction, requiring labor and equipment for stand-by, in case of a need for power restoration. Audit reviewed the individual invoices and Contractor Daily Work Reports, noting the work order number and/or date, as well as the billable hours and total amount for the service. No exceptions were noted.

Procurement Card

The Procurement Card expenses totaled \$85 for the February 26th pre-stage storm event and consisted of one invoice for in the Food and Lodging category. The following depicts the procurement card summary of expenditures by description:

Food and Lodging	\$	85
Material		-
Miscellaneous		-
Total Procurement Cards	\$	85

Audit selected the \$85 charge for further review. The Company provided a copy of the missing receipt statement from the Common Man restaurant and signed by the employee for meals provided on 2/26/20.

Traffic Control / Police Services

Charges for traffic control and police services totaled \$2,246 and consisted of two invoices. Audit reviewed one of the invoices, in the amount of \$1,416, from the New England Traffic Control Services. One exception was noted.

New England Traffic Control Services: An invoice, totaling \$1,416, was reviewed. There were six line items listed for traffic control conducted by flaggers. Audit noted that one of the flaggers, with billed hours of \$220, was listed with a storm work order number that did not correctly correspond with the February 26th pre-stage event. **AUDIT ISSUE #2**

Direct Labor (PSNH and other Companies) \$6,048

PSNH	\$	6,048
PSNH Transmission		-
EESCO		-
Storm-Related Payroll	\$	6,048

The Company provided an Itemization of Direct Labor spreadsheet that listed each job class by company, along with the per-employee hours worked and corresponding pay amount. Audit selected two individual employee direct labor charges totaling \$882 and representing two of the four individual job descriptions. Audit reviewed the confidential supporting time sheets for the sampled selections, including the employee ID, title, time code, and weekend date. No exceptions were noted.

Vehicles \$2,596

The vehicle expense for the February 26th pre-stage storm event totaled \$2,596. The vehicle charges were for the following companies:

PSNH	\$	2,596
PSNH Transmission		-
EESCO		-
Total Vehicles		\$ 2,596

Vehicle usage amounts were recorded for PSNH. Audit reviewed the vehicle allocation calculations and confirmed the reported vehicle cost total. Audit then verified the total vehicle cost of \$2,596 that was transferred to the storm cost reserve account for the February 26th pre-stage weather event. No exceptions were noted. Refer to the 10/16/19 Major Storm Event MS19F006, Vehicles section of the report for further details regarding the calculation process for the vehicle usage amounts.

Other Employee-Related Expenses \$247

PSNH provided a spreadsheet showing the amount of employee-related expenditures by expense description and sorted by company. The following represents the total Employee-Related Expenses for the February 26th pre-stage storm event:

PSNH	\$	247
PSNH Transmission		-
EESCO		-
Total Other Employee-Related Expenses		\$ 247

Audit selected one expense item, totaling \$207 from the meals category within PSNH and requested the documentation to support the charge. Audit’s selection had a purchase price over \$25, as the Company’s policy does not require an employee to submit a receipt if the purchase is under \$25. The Company provided a scanned copy of the receipt in support of the charge selection. No exceptions were noted.

03/23/2020 Major Storm MS20C006 \$2,004,132

The March 23rd major storm included the issuance of a Winter Storm Warning along with a forecast of snow accumulations greater than 6 inches in the central, eastern, northern, and southern regions of the state. The western region of the state was forecasted to receive greater than 8 inches of heavy, wet snow. The Company provided a Troubles Report, submitted within the filing, which indicated that there were 479 reported troubles during the storm event. There were also 245 concurrent events listed on the troubles report. Audit sampled trouble events from the Outage Management Troubles Report and reviewed the onsite date and time of the trouble, as well as the cause and location. The restoration date and time was also confirmed by Audit. No exceptions were noted.

Audit confirmed that the total number of reported troubles qualified this event as a major storm and subject to recovery of storm costs through the MSCR. Refer to the *Definition of a Major Storm and Authorized Pre-Staging Event* section of the report for details regarding the qualifying factors that determine whether the recovery of storm costs through the MSCR is authorized.

The provided Attachment Exhibit 1 depicts a summary of the 3/23/20 major storm costs as they tie to the filing. The following is a representation of these costs, which were reviewed by Audit:

External Contractors/Vendors, Mutual Aid, Procurement Cards	\$ 1,343,422
Direct Labor (PSNH and other Eversource companies)	402,350
Payroll Related Overheads and Taxes	39,334
Vehicles	108,308
Other Employee Related Expenses	6,760
Material	<u>2,758</u>
Total Storm Cost Transferred to Reserve (rounded)	<u>\$ 1,902,933</u>
Carrying Charge through April 30, 2021	<u>101,199</u>
Actual Storm Reserve Balance April 30, 2021 (rounded)	<u>\$ 2,004,132</u>

External Contractors/Vendors, Mutual Aid and Procurement Cards \$1,343,422

Documentation was submitted from the March 23, 2020 major storm, totaling \$1,343,422 in expenses charged to the MSCR. Expenses submitted were from contractors, vendors, and mutual aid invoices, plus procurement card charges. Audit selected 21 invoices to review, totaling \$588,405 or 44% of the total amount in contractor, vendor, mutual aid, and procurement card expenses. The following depicts a summary of the expenses incurred by description:

Contractor	\$ 1,197,838
Vegetation	104,935
Mutual Aid	-
Procurement Card	11,994
Environmental	1,367
Traffic Control / Police Services	16,160
Food and Lodging	11,129
Material	-
Other	<u>-</u>
Total External Contractors / Vendors, Mutual Aid, and Procurement Cards (rounded)	<u>\$ 1,343,422</u>

Contractor

A total of \$1,197,838 in contractor expenses was recorded on the storm reserve account. Audit selected six invoices, in the amount of \$549,118 or 46% of the total contractor expense, to review in detail. Of the invoices, time sheets, and Daily Work Reports reviewed, services included line crews used for the purpose of power restoration. No exceptions were noted.

Vegetation

Expenditures totaling \$104,935 were charged to the storm reserve for vegetation services provided during the March 23rd major storm. Audit reviewed four invoices, totaling \$21,606 in vegetation expenses. Charges were from Asplundh Tree and Northern Tree for labor and equipment services needed for power restoration. The work order number and/or date on the invoice, as well as the total amount charged was noted. No exceptions were noted.

Environmental

Audit reviewed one invoice from Clean Harbors Environmental Services, totaling \$1,367. The description on the invoices stated that the amount charged was for general services, as well as drum disposal. Audit verified the date and total amount of the invoice.

Traffic Control / Police Services

Nineteen invoices, totaling \$16,160, were charged to the storm reserve under the category of traffic control / police services. Audit reviewed three of the invoices and the accompanying Daily Time Sheets from New England Traffic Control. The total amount of the invoices was \$6,088, with services provided for traffic detail and storm duty for seventeen controllers on 3/24/20.

Food and Lodging

A total of \$11,129 was charged to the storm cost reserve for meals and lodging provided during the March 23rd major storm. Audit reviewed two expenses, totaling \$4,766, for two hundred thirty employees' meals. One hundred sixty-six employees meals were at the per diem rate of \$21 each and the remaining sixty-four employees had a per diem rate of \$20 each. No exceptions were noted.

Procurement Card

The Procurement Card expenses totaled \$11,994 and consisted of two categories: Food and Lodging and Material. The following depicts the procurement card summary of expenditures by description:

Food and Lodging	\$	11,968
Contractor		-
Material		26
Total Procurement Cards	\$	11,994

Audit selected two invoices for review, totaling \$4,859 or 41% of the procurement card expenses. The Company provided copies of receipts as supporting documentation and charges included amounts for meals. One exception was noted.

Derry Pizza and Restaurant: Regarding a charge from the Derry Pizza and Restaurant, the Company stated that, “...the Company reviewed all PCard charges that were paid outside of the storm window and identified two other transactions that will be removed from the storm cost recovery request and transferred to expense, along with the associated return calculated...For the 3/23/2020 MS20C006 storm event, the transaction JPM - DERRY PIZZA & RESTAUDENTREMONT, SUSAN A in the amount of \$[123] will be removed.” **AUDIT ISSUE #3**

Refer to the 2/7/2020 Major Storm MS20A006, Procurement Card section of the report for details regarding the other transaction, totaling \$776 to North Conway Grand Hotel, that the Company identified for removal.

Direct Labor (PSNH and other Eversource Companies) \$402,350

PSNH	\$	314,167
NSTAR Electric		52,132
WMECO		11,658
PSNH Transmission		32,532
EESCO		5,912
Capital Adjustment		(14,050)
Storm-related Payroll (rounded)	\$	402,350

The Company provided an Itemization of Direct Labor spreadsheet that listed each job class by company, along with the per-employee hours worked and corresponding pay amount. Audit selected eleven individual employee direct labor charges, including all five of the companies listed and representing eleven individual job descriptions. Audit reviewed the confidential supporting time sheets for the sampled selections, including the employee ID, title, time code, and weekending date. No exceptions were noted.

Audit identified a capitalization adjustment of (\$14,050) listed on the itemization of direct labor report and requested the supporting documentation. The Company provided a Capitalization of Restoration Costs report, detailing their capitalization adjustment calculation for the 2/7/2020 major storm. The accompanying journal entry was also reviewed with no exceptions noted.

Payroll-Related Overhead \$39,334

The Company provided the itemized payroll-related overhead amount, totaling \$39,334 for the 03/23/20 major storm, that was charged to the storm cost reserve and reported in the filing. The charges were subtotaled by company, representing the sum of the non-productive time overhead and the payroll benefits. Refer to the 10/16/19 major storm’s Payroll-Related Overhead section, for details regarding the Company’s calculation of overhead charges.

The following is derived from the non-productive time overhead and payroll benefits calculations that were submitted by the Company:

PSNH		
Non-Productive Time Overhead	\$	-
Payroll Benefits		-
Total PSNH	\$	<u>-</u>
NSTAR Electric		
Non-Productive Time Overhead	\$	9,733
Payroll Benefits		<u>9,608</u>
Total NSTAR Electric	\$	<u>19,341</u>
WMECO		
Non-Productive Time Overhead	\$	2,177
Payroll Benefits		<u>2,149</u>
Total WMECO	\$	<u>4,325</u>
PSNH Transmission		
Non-Productive Time Overhead	\$	4,818
Payroll Benefits		<u>10,850</u>
Total PSNH Transmission	\$	<u>15,668</u>
EESCO		
Non-Productive Time Overhead	\$	<u>-</u>
Payroll Benefits	\$	<u>-</u>
Total EESCO	\$	<u>-</u>
Total Payroll-Related Overheads	\$	<u>39,334</u>

The NPT and PBR were confirmed to the 2020 Loader rates with no exceptions. Audit then verified the accuracy of the payroll-related overhead calculations and noted the inclusion of April 2020 direct labor amounts for the March 23rd major storm expenditures. Refer to the 10/16/19 major storm’s *Payroll-Related Overheads* section of this report for details regarding the inclusion of direct labor charges for months outside of the audited storm event.

Vehicles \$108,308

The vehicle expense for the March 23rd major storm event totaled \$108,308. The vehicle charges were identified by company in the following depiction:

PSNH	\$	84,325
NSTAR Electric		13,077
WMECO		3,264
PSNH Transmission		7,618
EESCO		25
Total Vehicles (rounded)	\$	108,308

Vehicle usage amounts were recorded for five companies. Audit reviewed the vehicle allocation calculations and confirmed the reported vehicle cost totals for each subsidiary. Audit then verified the total vehicle cost of \$108,308 that was transferred to the storm cost reserve account for the March 23rd major storm event. No exceptions were noted. Refer to the *10/16/19 Major Storm Event MS19F006, Vehicles* section of the report for further details regarding the calculation process for the vehicle usage amounts.

Other Employee-Related Expenses \$6,760

The Company provided Exhibit 4d, which detailed the amount of employee-related expenditures by expense description and sorted by company. The following represents the total Employee-Related Expenses for the March 23rd major storm:

PSNH	\$	4,509
NSTAR Electric		576
WMECO		290
PSNH Transmission		1,213
EESCO		172
Total Other Employee-Related Expenses	\$	6,760

The detailed Itemization of Employee Expenses was reviewed, noting that most of the expense amounts were less than \$25. Audit understands that the Company’s policy does not require an employee to submit a receipt if the purchase is under \$25. Audit selected four items with purchase prices over \$25. Selections made totaled \$465 from the meals, transportation, and mileage expense categories. Supporting documentation for the sampled charges was requested.

Audit reviewed scanned copies of receipts and invoices, as well as the mileage calculation with the mileage reimbursement rate. No exceptions were noted.

Materials \$2,758

The materials expense for the March 23rd major storm totaled \$2,758. The Company provided a listing of all materials, including their quantities and total cost, as they were utilized. Audit selected two materials charges, totaling \$2,393. Documentation was requested in support of the items that were removed from inventory, including the storeroom location of the items removed. The Company provided a materials detail spreadsheet listing the materials, their quantities, cost, and corresponding storeroom locations. Audit also reviewed the provided Capitalization of Restoration Costs report calculations for the amount shown as a capital adjustment. Audit verified the recorded capitalization adjustment calculation of (\$4,114) for the materials expense with no exceptions noted. Refer to the *Materials* section within the 10/16/19 Major Storm Event MS19F006 for details regarding the capitalization of restoration material costs.

04/13/20 Pre-Stage Event EXPSTGC0 \$425,750

Audit requested and reviewed the weather forecast for each of the filed storm events, as outlined in summaries from the DTN. According to the Schneider Electric Event Index Definition, the weather forecast for the 4/13/20 weather event was described with a “high” probability (i.e. greater than 60%) of reaching EEI Level 3, as determined by wind speeds greater than 45mph and gust speeds greater than 50mph, in the eastern and southern regions of the state. Audit confirmed that the April 13th pre-stage weather event met the required criteria, as identified in Order No. 25,465, to qualify for the recovery of “pre-staging” costs. Refer to the Definition of a Major Storm and Authorized Pre-Staging Event section of this report for details regarding the qualifying factors that determine whether the recovery of storm costs through the MSCR is authorized.

The provided Attachment Exhibit 1 depicts a summary of the 4/13/20 pre-staging costs as they tie to the filing. The following is a representation of these costs, which were reviewed by Audit:

External Contractors/Vendors, Mutual Aid, Procurement Cards	\$ 371,468
Direct Labor (WMECO and other NU Companies)	25,204
Payroll Related Overheads and Taxes	2,307
Vehicles	6,047
Other Employee Related Expenses	648
Material	-
Total Storm Cost Transferred to Reserve (rounded)	<u>\$ 405,673</u>
Carrying Charge through April 30, 2021	<u>20,077</u>
Actual Storm Reserve Balance April 30, 2021 (rounded)	<u>\$ 425,750</u>

External Contractors/Vendors, Mutual Aid and Procurement Cards \$371,468

Documentation was submitted from the April 13, 2020 pre-stage weather event, totaling \$371,468 in expenses charged to the MSCR from contractors, vendors, and mutual aid invoices, plus procurement card charges. Audit selected seven invoices to review, totaling \$187,822 or 51% of the total amount in contractor, vendor, mutual aid expenses, and procurement card charges. The following depicts a summary of the expenses incurred, per expense category:

Contractor	\$ 366,930
Vegetation	-
Mutual Aid	-
Procurement Card	30
Environmental	-
Traffic Control / Police Services	2,300
Food and Lodging	2,109
Material	99
Other	-
Total External Contractors / Vendors, Mutual Aid, and Procurement Cards	<u>\$ 371,468</u>

Contractor

A total of \$366,930 in contractor charges was recorded on the storm reserve account. Audit selected five invoices, totaling \$184,365 or 50% of the contractor expense, to review in detail. Of the invoices reviewed, services provided were for line crews, equipment, and vehicles needed for the restoration of power. Audit reviewed copies of the invoices, along with the corresponding Daily Work Reports. No exceptions were noted.

Traffic Control / Police Services

A total of \$2,300 in traffic control and police services was recorded on the storm reserve account. Audit reviewed the one invoice, in the amount of \$2,300, from New England Traffic

Control. Daily Time Sheets were also provided for the traffic controllers. Services provided included traffic detail for eight controllers on 4/13/20. No exceptions were noted.

Food and Lodging

Audit reviewed one expense, totaling \$1,157 for food and lodging charges. No exceptions were noted.

Direct Labor (PSNH and other Companies) \$25,204

PSNH	\$	20,414
PSNH Transmission		4,789
EESCO		-
Storm-related Payroll (rounded)	\$	<u>25,204</u>

The Company provided the Itemization of Direct Labor sheets that listed each job class by company, along with the per-employee hours worked and corresponding pay amount. Audit selected four individual employee direct labor charges, including both of the companies listed and representing four individual job descriptions. Audit reviewed the confidential supporting time sheets for the sampled selections, including the employee ID, title, time code, and weekending date. No exceptions were noted.

Payroll-Related Overhead \$2,307

The Company provided the itemized payroll-related overhead amount, totaling \$2,307 for the 04/13/20 pre-stage weather event, that was charged to the storm cost reserve and reported in the filing. The charges were subtotaled by company, representing the sum of the non-productive time overhead and the payroll benefits. Refer to the *Payroll-Related Overhead* section, of the 10/16/19 major storm, for detail regarding the Company's calculation of overhead charges.

The following is derived from the non-productive time overhead and payroll benefits calculations that were submitted by the Company:

PSNH		
Non-Productive Time Overhead	\$	-
Payroll Benefits		-
Total PSNH	\$	-
PSNH Transmission		
Non-Productive Time Overhead	\$	709
Payroll Benefits		1,597
Total PSNH Transmission	\$	2,307
EESCO		
Non-Productive Time Overhead	\$	-
Payroll Benefits	\$	-
Total EESCO	\$	-
Total Payroll-Related Overheads	\$	2,307

The NPT and PBR were confirmed to the 2020 Loader rates with no exceptions. Audit then verified the accuracy of the payroll-related overhead calculations and questioned why PSNH has Direct Labor charges of \$20,414 but does not have any payroll-related overheads reported. For the Company's response, refer to the 10/16/19 major storm's Payroll-Related Overheads section of this report.

Audit noted the inclusion of May 2020 direct labor amounts for the April 13th pre-stage weather event expenditures. Refer to the 10/16/19 major storm's Payroll-Related Overheads section of this report for details regarding the inclusion of direct labor charges for months outside of the audited storm event.

Vehicles \$6,047

The vehicle expense for the April 13th pre-stage weather event totaled \$6,047. The Company's vehicle charges were identified as follows:

PSNH	\$	4,885
PSNH Transmission		1,162
EESCO		-
	\$	6,047

Vehicle usage amounts were recorded for PSNH and PSNH Transmission. Audit reviewed the vehicle allocation calculations and confirmed the reported vehicle cost totals for both companies. Audit then verified the total vehicle cost of \$6,047 that was transferred to the storm cost reserve account for the April 13th pre-stage weather event. No exceptions were noted. Refer to the 10/16/19 Major Storm Event MS19F006, Vehicles section of the report for further details regarding the calculation process for the vehicle usage amounts.

Other Employee-Related Expenses \$648

The Company provided Exhibit 4e, which detailed the amount of employee-related expenditures by expense description and sorted by company. The following represents the total Other Employee-Related Expenses for the April 13th pre-stage weather event:

PSNH	\$	617
PSNH Transmission		31
EESCO		-
Total Other Employee-Related Expenses	\$	648

The detailed Itemization of Employee Expenses was reviewed, noting that all but one of the expense amounts was less than \$25. Audit understands that the Company’s policy does not require an employee to submit a receipt if the purchase is under \$25. Audit selected the one item from the meals expense category with a purchase price of \$55. Supporting documentation for the sampled charges was requested. No exceptions were noted.

05/15/2020 Pre-Stage Event EXPSTGD0 \$23,312

The DTN weather forecast for the May 15th pre-stage event described a “high” probability (i.e. greater than 60%) of reaching EEI Level 3, as determined by wind speeds greater than 45 mph and gust speeds greater than 50 mph, in the southern and western regions of the state. Audit confirmed that the May 15th pre-stage weather event met the required criteria, as identified in Order No. 25,465, to qualify for the recovery of “pre-staging” costs. Refer to the *Definition of a Major Storm and Authorized Pre-Staging Event* section of this report for details regarding the qualifying factors that determine whether the recovery of storm costs through the MSCR is authorized.

The provided Attachment Exhibit 1 depicts a summary of the 5/15/20 pre-staging costs as they tie to the filing. The following is a representation of these costs, which were reviewed by Audit:

External Contractors/Vendors, Mutual Aid, Procurement Cards	\$	745
Direct Labor (WMECO and other NU Companies)		16,783
Payroll Related Overheads and Taxes		-
Vehicles		4,610
Other Employee Related Expenses		110
Material		-
Total Storm Cost Transferred to Reserve (rounded)	\$	22,249
Carrying Charge through April 30, 2021	\$	1,063
Actual Storm Reserve Balance April 30, 2021	\$	23,312

External Contractors/Vendors, Mutual Aid and Procurement Cards \$745

Documentation was submitted from the May 15, 2020 pre-stage weather event, totaling \$745 in expenses charged to the MSCR for procurement card charges. Audit selected three invoices to review, totaling \$422 or 57% of the total amount in procurement card expenses. The following depicts a summary of the expenses incurred by description:

Contractor	\$	-
Vegetation		-
Mutual Aid		-
Procurement Card		745
Environmental		-
Traffic Control / Police Services		-
Food and Lodging		-
Material		-
Other		-
Total External Contractors / Vendors, Mutual Aid, and Procurement Cards		\$ 745

Procurement Card

The procurement card expenses totaled \$745 and consisted of the Food and Lodging category. The following depicts the procurement card summary of expenditures by description:

Food and Lodging	\$	745
Contractor		-
Miscellaneous		-
Total Procurement Cards		\$ 745

Audit selected three invoices, totaling \$422 or 57% of the procurement card expense. Charges reviewed were from Applebee’s Grill and Bar, Casamigos Mexican Restaurant, and The Stumble Inn Bar and Grill. The Company provided copies of receipts and invoices in support of the amounts. Reviewed invoices included charges for meals purchased on 5/15/20.

Direct Labor \$16,783

PSNH	\$	16,783
PSNH Transmission		-
EESCO		-
Storm-related Payroll		\$ 16,783

The Company provided an Itemization of Direct Labor spreadsheet that listed each job class by company, along with the per-employee hours worked and corresponding pay amount.

Audit selected two individual employee direct labor charges, which represented two individual job descriptions. Audit reviewed the confidential supporting time sheets for the sampled selections, including the employee ID, title, time code, and weekending date. No exceptions were noted.

Vehicles \$4,610

The vehicle expense for the May 15th pre-stage weather event totaled \$4,610. The Company’s vehicle charges were identified as follows:

PSNH	\$	4,610
PSNH Transmission		-
EESCO		-
		\$ 4,610

Vehicle usage amounts were recorded for PSNH. Audit reviewed the vehicle allocation calculations and confirmed the reported vehicle cost total of \$4,610 that was transferred to the storm cost reserve account for the May 15th pre-stage weather event. No exceptions were noted. Refer to the *10/16/19 Major Storm Event MS19F006, Vehicles* section of the report for further details regarding the calculation process for the vehicle usage amounts.

Other Employee-Related Expenses \$110

The Company provided Exhibit 4d, which detailed the amount of employee-related expenditures by expense description and sorted by company. The following represents the total Other Employee-Related Expenses for the May 15th pre-stage storm event:

PSNH	\$	110
PSNH Transmission		-
EESCO		-
Total Other Employee-Related Expenses		\$ 110

The detailed Itemization of Employee Expenses was reviewed, noting that all of the expense amounts were less than \$25 each and for contractual meals. Audit understands that the Company’s policy does not require an employee to submit a receipt if the purchase is under \$25 and no further review of the expense amounts was conducted.

AUDIT SUMMARY

For the period of October 1, 2019 through May 31, 2020, a total of \$17,581,168 in storm costs and carrying charges were deferred to the Major Storm Cost Reserve General Ledger account #186430. As of April 30, 2021, the Storm Funding Deferral account had a balance of \$4,040,624. The funding, which is posted to account #228430, accrues carrying charges at the same stipulated rate of return used on the accruing storm cost account. In December 2020, the Company applied the year end funding account #228430 (MSCR) balance of \$12,292,415 to offset the storm cost account #186430. Audit recommends removing the following costs from the storm cost reserve:

Audit Issue #1	\$	8,493
Audit Issue #2		1,130
Audit Issue #3		<u>7,984</u>
Total Costs Recommended for Removal	\$	<u><u>17,607</u></u>

	<u>Total Cost</u>	<u>Less: Audit</u>	<u>Adjusted Storm</u>
	<u>04/30/21</u>	<u>Adjustments</u>	<u>Balance</u>
10/16/19 Major Storm Costs	\$ 5,734,782	\$ (2,482)	\$ 5,732,300
10/31/19 Major Storm Costs	4,995,502	(686)	4,994,816
12/02/19 Pre-Staging Costs	262,307	-	262,307
12/30/19 Pre-Staging Costs	216,941	(4,218)	212,723
02/07/20 Major Storm Costs	3,882,120	(9,878)	3,872,242
02/26/20 Pre-Staging Costs	36,322	(220)	36,102
03/23/20 Major Storm Costs	2,004,132	(123)	2,004,009
04/13/20 Pre-Staging Costs	425,751	-	425,751
05/15/20 Pre-Staging Costs	<u>23,311</u>	<u>-</u>	<u>23,311</u>
Total Deferred MSCR Costs (Rounded)	<u>\$ 17,581,168</u>	<u>\$ (17,607)</u>	<u>\$ 17,563,561</u>

Audit notes that the actual balances as of 04/30/21 include carrying charges. Once Audit's recommended adjustments are made, carrying charges will need to be recalculated.

Audit Issue #1 No Supporting Documentation

Background

Audit reviewed spreadsheets provided by the Company, detailing the expenditures for the storms, and requested the supporting documentation for sampled amounts.

Issue

Supporting documentation was not provided or did not support the amount charged to the storm cost reserve for the selections made by Audit.

Recommendation

Audit recommends removing the following charges from the storm reserve:

PSNH Transportation Expense	2,482	10/16/19 Major Storm
PSNH Miscellaneous	498	10/31/19 Major Storm
PSNH Miscellaneous	188	10/31/19 Major Storm
Hampton Inn	4,218	12/30/19 Pre-Stage
PSNH Miscellaneous	134	02/07/20 Major Storm
PSNH Miscellaneous	259	02/07/20 Major Storm
PSNH Miscellaneous	147	02/07/20 Major Storm
PSNH Transportation	567	02/07/20 Major Storm
Total for Audit Issue #1	<u>\$ 8,493</u>	

Company Response

10/16/19 Major Storm MS19F006

PSNH Transportation Expense \$2,482 – The Company agrees to remove this expense from the storm cost recovery request.

10/31/19 Major Storm MS19G006

PSNH Miscellaneous \$498 – The Company agrees to remove this expense from the storm cost recovery request.

PSNH Miscellaneous \$188 – The Company agrees to remove this expense from the storm cost recovery request.

12/30/19 Pre-Stage EXPSTGE9

Hampton Inn \$4,218 – The Company agrees to remove this expense from the storm cost recovery request.

02/07/20 Major Storm MS20A006

PSNH Miscellaneous \$134 – The Company agrees to remove this expense from the storm cost recovery request.

PSNH Miscellaneous \$259 – The Company agrees to remove this expense from the storm cost recovery request.

PSNH Miscellaneous \$147 – The Company agrees to remove this expense from the storm cost recovery request.

PSNH Transportation \$567 – The Company agrees to remove this expense from the storm cost recovery request.

Total disallowance agreed to by the Company:

Storm Event	Disallowance
10/16/19 Major Storm MS19F006	\$2,482
10/31/19 Major Storm MS19G006	\$686
12/30/19 Pre-Stage EXPSTGE9	\$4,218
02/07/20 Major Storm MS20A006	\$1,107
Total	\$8,493

Audit Conclusion

Audit agrees with the Company’s response for the total disallowance of \$8,493 from the storm cost reserve. Supporting journal entries, which remove the disallowed expenses from the Storm Cost Reserve fund, are requested as soon as they are booked.

Audit Issue #2
Incorrect Amount Charged to Storm Reserve

Background

Audit reviewed invoices and spreadsheets, provided by the Company, detailing the expenditures for the pre-stage and storm events.

Issue

The amounts listed as due for payment on the invoices and/or timesheets did not match the amount charged to the storm cost reserve.

Recommendation

Audit recommends removing the following charges from the storm cost reserve:

Tempest Energy	\$	910	02/07/20 Major Storm
NE Traffic Control Services		<u>220</u>	02/26/20 Pre-Stage
Total for Audit Issue #2		<u>\$ 1,130</u>	

Company Response

02/07/20 Major Storm MS20A006

Tempest Energy \$910 – The Company agrees to remove \$910 from the storm cost recovery request.

02/26/20 Pre-Stage EXPSTGB0

NE Traffic Control Services \$220 – The Company agrees to remove \$220 from the storm cost recovery request.

Total disallowance agreed to by the Company:

Storm Event	Disallowance
02/07/20 Major Storm MS20A006	\$910
02/26/20 Pre-Stage EXPSTGB0	\$220
Total	\$1,130

Audit Conclusion

Audit agrees with the Company’s response for the total disallowance of \$1,130 from the storm cost reserve. Supporting journal entries, which remove the disallowed expenses from the Storm Cost Reserve fund, are requested as soon as they are booked.

Audit Issue #3
Invoice Dates Not Concurrent with the Corresponding Storm Event

Background

Audit reviewed sampled invoices and/or receipts from vendors detailing the charges incurred for storm event related work.

Issue

The dates listed on the invoices either pre-dated or post-dated the storm event for which they were applied.

Recommendation

Audit recommends removing the following charges from the storm cost reserve:

Best Western	4,469	02/07/20 Major Storm
Best Western	2,616	02/07/20 Major Storm
North Conway Grand Hotel	776	02/07/20 Major Storm
Derry Pizza and Restaurant	123	03/23/20 Major Storm
Total for Audit Issue #3	<u>\$ 7,984</u>	

Company Response

02/07/20 Major Storm MS20A006

Best Western \$4,469 – The Company agrees to remove this amount from the storm cost recovery request.

Best Western \$2,616 – The Company agrees to remove this amount from the storm cost recovery request.

North Conway Grand Hotel \$776 – The Company agrees to remove this amount from the storm cost recovery request.

03/23/20 Major Storm MS20C006

Derry Pizza and Restaurant \$123 – The Company agrees to remove this amount from the storm cost recovery request.

Total disallowance agreed to by the Company:

Storm Event	Disallowance Amount
02/07/20 Major Storm MS20A006	\$7,861
03/23/20 Major Storm MS20C006	\$123
<u>Total</u>	\$7,984

Audit Conclusion

Audit agrees with the Company's response for the total disallowance of \$7,984 from the storm cost reserve. Supporting journal entries, which remove the disallowed expenses from the Storm Cost Reserve fund, are requested as soon as they are booked.