

Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. DE 22-010

Date Request Received: June 23, 2022
Data Request No. RR-001

Date of Response: July 08, 2022
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Request from: Department of Energy

Witness: Paruta, Marisa B

Request:

Refer to Exhibit 6, at Bates 25, line 236. Please provide in a working Excel format the detailed breakdown for the amount shown in Column D as the 2021 property tax expense accrual adjustment.

Refer to Exhibit 6, at Bates 23, line 140. Please explain why the Company included a property tax adjustment of \$716,580 in Column F for the Town of Nashua.

Please provide the total property tax amount recorded on the Company's books pursuant to GAAP accounting practices and identify where this number is provided in Exhibit 6.

Please explain where in the Company's annual report submitted to the Commission the amount provided in response to part (C) appears.

Response:

The Company provides the following analysis and support to show that the \$716,580 property tax amount that was incorrectly overbilled by the Town of Nashua was appropriately excluded from the property tax amount for which the Company is seeking recovery in the RRA rate reconciliation filing, in accordance with the Settlement Agreement in Docket No. DE 19-057. The Company's inclusion of these accounting adjustments serve to hold customers harmless from the Town of Nashua's erroneous transaction. Therefore, no adjustment to the proposed property tax amount included in the RRA rate reconciliation is appropriate because the Company has properly accounted for this over-billed amount in a manner that results in no impact to customers.

- a. Please see the Attachment RR-001(1) for the Excel file, at tab "Attachment RR-001 (A)" for the detailed breakdown of the \$(239,222) 2021 property tax expense accrual adjustment amount shown in Exhibit 6, at Bates 25, line 236, Column D. Please note, the information provided in Col. B, Col. C, and Col. D, consecutive lines 1 through 232, remain unchanged from the Company's original filing in Exhibit 6, at Bates 20 through 25. What the Company has provided as additional information is Col. E and Col. F, lines 1 through 234, for the purpose of "bridging" the actual paper bills received from each town/municipality (over 4,000 paper bills received over the course of the period from late 2020 through early 2022), which totaled \$52,800,645, to the actual property tax expense, prior to the Property Tax

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department manual adjustments, recorded on the Company's books and records for the period from January 1, 2021 through December 31, 2021, which totaled \$52,561,423, in accordance with Generally Accepted Accounting Principles ("GAAP") and the accrual basis of accounting.

Tab "Attachment RR-001 (A)", Col. E provides a cost breakdown by town/municipality directly queried and uploaded from the PowerPlan (Eversource's general ledger) Property Tax module, which represents *the actual property tax expense recognized by the Company, in accordance with GAAP accrual accounting, for the period January 1, 2021 through December 31, 2021, prior to manual adjustments*. This amount totaled \$52,566,384. In addition, there was a manual journal entry ID #411621 recorded by the Property Tax department for a credit of \$(4,961) recorded in 2021, which brought the total Property Tax Expense from the Property Tax PowerPlan module to \$52,561,423. That amount ties to the Company's original filing in Exhibit 6, at Bates 25, line 238, Col. D.

Tab "Attachment RR-001 (A)", Col. F provides the difference, by town/municipality, between the amount of property tax expense that applies to the period from January 1, 2021 through December 31, 2021 based on *the actual paper bills received from each town/municipality*, and the amount of property tax expense recorded, in accordance with GAAP accrual accounting, for the period from January 1, 2021 through December 31, 2021. Because the entire population of the actual paper bills are not all received prior to each annual calendar year accounting close that occurs in the first week of January, the Company follows standard practice, in accordance with GAAP, and estimates the property tax expense for those paper bills not yet received using a best estimate accrual (typically the last bill received from that town/municipality). Those town/municipality bills not yet received prior to the annual calendar year accounting close can be easily identified in Col. F where there is a variance. This variance is "trued-up" by the Property Tax department via the PowerPlan Property Tax module in the period when the actual bills are received and processed.

In Tab "Attachment RR-001 (A)," the Company also notes Col. F, line 140, which relates to the Town of Nashua. As described at the June 23, 2022 hearing in this proceeding, there is a credit of \$(716,580) *embedded* within the total \$(239,222) that was filed in the original Exhibit 6, Bates 25, Col. D, line 236. This credit represents the town of Nashua payment in January 2021 to reimburse the Company for the overbilling paid by the Company in December 2020. As described at the hearing, the manual journal entry adjustment recorded by the Property Tax department (and presented separately in the Company's original filing

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in Exhibit 6, Bates 23, Col. F, line 140) totaling \$716,580 appropriately negates the credit of \$(716,580) *embedded* within the total \$(239,222). This means that customers experience no impact as a result of the erroneous transaction by the Town of Nashua. The overbilling transaction is negated and excluded from the property tax expense reflected in Exhibit 6, Bates 25, Col. G, line 238, totaling \$50,610,359.

- b. In December 2020, the Town of Nashua issued a bill to Eversource that was later discovered to be too high by the amount of \$716,580. The Company processed the bill and issued a payment in December 2020 for the full amount of the bill including the \$716,580. When the Property Tax department was made aware of the overbilling prior to the 2020 calendar year accounting close, a manual journal entry was recorded to reverse the \$716,580 overpayment and negate the transaction in its entirety in 2020. Please see Attachment RR-001 (2) for a copy of the manual journal entry recorded in December 2020, approved by Rich Heitz, Manager of Property Tax Department. The overbilling transaction was therefore negated and excluded from the 2020 property tax expense reflected in Docket No. DE 21-029, Attachment ELM/JAU-4, Page 3, line 1 (Bates 36).

In January 2021, the Town of Nashua issued a check to reimburse the Company for the \$716,580 overpayment. The refund was processed within the PowerPlan Property Tax module, as described in (a) above. Again, the overbilling transaction is therefore negated and excluded from the 2021 property tax expense reflected in Docket No. DE 22-010, Exhibit 6, Bates 25, Col. G, line 238, totaling \$50,610,359.

Please see below for an excerpt of the Docket No. DE 21-029 July 16, 2021 hearing transcript (pages 82 to 83), where the Company was requested to provide the property tax schedule, by town/municipality, and to further break out separately any adjustments that could be easily identified as relating to a specific town:

Mr. Dexter: "In the future, would it be difficult for Eversource to produce this schedule, Exhibit 4, but taking those adjustments that are at the bottom, the four that are listed there, Lines 232 to 235, and breaking those out by town, so that we could see what towns these adjustments related to?"

The Company presented Exhibit 6, Bates pages 20 through 25, in accordance with the request excerpted above, made at the hearing in Docket No. DE 21-029 on July 16, 2021. Further, the manual journal entry recorded by the Property Tax department in January 2021 totaling \$716,580 in Exhibit 6, at Bates 23, line 140, Column F, (please see Attachment

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RR-001 (3) for a copy of the journal entry approved by Rich Heitz, Manager of Property Tax Department) was presented separately, as requested at the above-mentioned hearing, because the manual journal entry was specifically and solely related to one town, the Town of Nashua. In doing so, the Company made a good faith effort to provide the information consistent with the direction the Company received at the July 16, 2021 hearing. To the extent this method of reporting created any confusion as to the proper recovery amount, specifically related to the accounting entries to negation of the refund received in 2021 for the overbilling of property taxes by the town of Nashua in December 2020, please see the attached Excel file, Attachment RR-001 (1) at tab "Att RR-001 (B)_Nashua 2021".

- c. Please see the Attachment RR-001(1) at tab "Att RR-001 (C)_408110 Total" for the total property tax expense amount of \$86,980,510 recorded on the Company's books pursuant to GAAP accounting practices. This amount varies from the \$50,610,359 amount provided in Exhibit 6 because Exhibit 6 includes *only* the PSNH-Distribution property tax expense, and property tax activity/adjustments allowed within the RRA rate reconciling mechanism, in accordance with the Settlement Agreement in Docket No. DE 19-057. See Attachment RR-001(1) at tab "Att RR-001 (D)_408110 RRA" for a reconciliation of the amount as appears in Exhibit 6.
- d. The property tax expense amount recorded on the Company's books pursuant to GAAP accounting appears in the annual report submitted to the Commission/FERC Form 1 on page 262-263, line 42, col. (I).