

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 22-010
REQUEST FOR CHANGE IN REGULATORY RECONCILIATION ADJUSTMENT
RATE

DIRECT TESTIMONY OF
Marisa B. Paruta and Edward A. Davis

Rate Effective August 1, 2022

On behalf of Public Service Company of New Hampshire
d/b/a Eversource Energy

April 29, 2022

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STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
DIRECT TESTIMONY OF MARISA B. PARUTA and EDWARD A. DAVIS
PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY
REQUEST FOR CHANGE IN REGULATORY RECONCILIATION RATE

April 29, 2022

Docket No. DE 22-010

1 I. INTRODUCTION

2 Q. Ms. Paruta, please state your name, business address and position.

3 A. My name is Marisa B. Paruta. My business address is 107 Selden Street, Berlin,
4 Connecticut. I am employed by Eversource Energy Service Company as the Director of
5 New Hampshire and Connecticut Revenue Requirements and in that position, I provide
6 service to Public Service Company of New Hampshire d/b/a Eversource Energy (“PSNH”,
7 “Eversource” or the “Company”).

8 Q. Have you previously testified before the New Hampshire Public Utilities
9 Commission (the “Commission”)?

10 A. Yes, I provided testimony before the Commission on the first Regulatory Reconciliation
11 Adjustment (“RRA”) filing submitted in Docket No. DE 21-029.

12 Q. What are your current responsibilities?

13 A. I am currently responsible for the coordination and implementation of revenue
14 requirements calculations for Eversource, as well as the filings associated with

1 Eversource's default Energy Service ("ES"), Stranded Cost Recovery Charge ("SCRC"),
2 Transmission Cost Adjustment Mechanism ("TCAM"), System Benefits Charge ("SBC"),
3 Regulatory Reconciliation Adjustment ("RRA") mechanism and Distribution Rates.

4 **Q. Mr. Davis please state your name, business address and position.**

5 A. My name is Edward A. Davis. My business address is 107 Selden Street, Berlin,
6 Connecticut. I am employed by Eversource Energy Service Company as the Director of
7 Rates.

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

9 A. As the Director of Rates, I am responsible for activities related to rate design, cost of service
10 and rates administration for Connecticut, Massachusetts and New Hampshire electric and
11 gas subsidiaries of Eversource Energy, including the Company.

12 **Q. What is the purpose of your joint testimony?**

13 A. The purpose of our testimony is to explain the various cost components included in the
14 Company's second annual RRA. On December 15, 2020, the Commission issued Order
15 No. 26,433 approving the comprehensive Settlement Agreement ("Settlement") filed on
16 October 9, 2020 in the Company's Docket No. DE 19-057 base distribution rate case.
17 Pursuant to Section 9 of the Settlement¹ and Order No. 26,433, the Company filed on
18 March 1, 2022 the reports of its reliability statistics, vegetation management activities
19 and a request of the Commission to open a docket to implement the Company's RRA rate
20 change to allow for the recovery from customers the costs reflected in the RRA revenue

¹ Settlement, Bates pages 14-17

1 requirement identified in Attachments MBP/EAD-1 to MBP/EAD-6. Those cost
2 components are described below:

- 3 a. Regulatory Commission annual assessments and consultants hired or
4 retained by the Commission, the Department of Energy (“DOE”), and
5 Office of Consumer Advocate (“OCA”). In accordance with RSA 363-
6 A:6, amounts above or below the total Commission assessment, less
7 amounts charged to Base Distribution and ES rates, shall be recovered or
8 refunded through the RRA. Additionally, legal and consulting outside
9 service charges related to Commission approved special assessments
10 assessed by the Commission to the Company for the expenses of experts
11 employed by the Commission, the DOE, and OCA pursuant to the
12 provisions of RSA 365:37, II, RSA 365:38-a, and RSA 363:28, III shall
13 also be recovered through the RRA.
- 14 b. Vegetation Management Program (“VMP”) variances described in Section
15 6 of the Settlement² shall include the calendar year over- or under-
16 collection from the Company’s VMP.
- 17 c. Property tax expenses and related over- or under-recoveries, as compared
18 to the amount of property tax expense in base distribution rates, and
19 consistent with RSA 72:8-e, shall be adjusted annually through the RRA.

² Settlement, Bates pages 11-12

- 1 d. Lost-base distribution revenues associated with net metering, calculated
2 consistent with RSA 362-A:9, VII and the Commission's approved Docket
3 No. DE 16-576 method in Order No. 26,029 (June 23, 2017), is the
4 amount of lost base distribution revenue based on the cumulative net
5 metering installations beginning January 1, 2019 and going forward. The
6 RRA will recover lost-base distribution revenues associated with net
7 metering beginning as of January 1, 2019.
- 8 e. Storm cost amortization final reconciliation and annual reconciliation
9 updated for actual cost of long-term debt for storm costs through
10 December 31, 2018. As of August 1, 2019, the Company began to (i)
11 amortize the storm costs through 2018 over five years through July 31,
12 2024; and (ii) apply a carrying charge to the unamortized balance of those
13 storms equal to its embedded cost of long-term debt. On an annual basis
14 through July 31, 2024, the RRA will reconcile the storm cost amortization
15 amount to adjust for the Company's actual cost of long-term debt interest
16 rate as filed in the Company's Form F-1 on a quarterly basis.

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

1 **Q. Mr. Davis, are you supporting any additional testimony in this docket?**

2 A. As described in part d. above, Lost-base distribution revenues associated with net
3 metering are recovered through the RRA. I am sponsoring separate testimony where I
4 describe and support the Company's calculation of lost-base distribution revenues
5 associated with net metering in compliance with the method prescribed in RSA 362-A:9,
6 VII and approved by the Commission in Order No. 26,029.

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

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

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

12 A. Eversource's calculation of the average RRA rate for effect August 1, 2022 results in a
13 proposed overall rate of 0.027 cents per kilowatt-hour (kWh), which represents a 0.3%
14 increase to overall rates. As described in more detail in testimony below, the overall rate
15 increase is largely driven by under recoveries in property tax expense, regulatory
16 assessment and consultant expenses, and lost base revenue due to net metering, partially
17 offset by over recoveries of vegetation management program expenses and storm cost
18 amortization offset.

II. RRA COMPONENTS

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

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

1. Attachment MBP/EAD-1 summarizes the five components of the RRA mechanism. Page 1 calculates the overall RRA revenue requirement and proposed average rate of 0.027 cents per kWh. Page 2 reflects the estimated reconciliation and refund to customers of the overall RRA mechanism for the period August 1, 2021 to July 31, 2022, which totaled \$1.765 million³. Page 3 reflects the estimated reconciliation and recovery from customers of the overall RRA mechanism for the period August 1, 2022 to July 31, 2023, which totaled \$2.095 million. Attachments MBP/EAD-2 through 6 detail the specific components of the RRA that comprise the total average rate of 0.027 cents per kWh, as follows.
2. Attachment MBP/EAD-2 is a five-page exhibit that identifies the cost of Regulatory Commission annual assessments and consultants hired or retained by the Commission, the DOE, and OCA to be recovered or refunded through the RRA mechanism. Page 1 calculates the average RRA rate of 0.007 cents per kWh for

³ Docket No. 21-029, 12/15/2021, Attachment MBP/ELM/JAU-1, Page 1, line 6 (Revised), as approved in Order No. 26,570 on January 25, 2022, Bates page 20.

1 the portion of the RRA based on the cost of Regulatory Commission annual
2 assessments and consultants hired or retained by the Commission and OCA in
3 excess of what is included in Docket No. DE 19-057 base distribution rates in
4 accordance with Section 9.1(a) of the Settlement and Order No. 26,433. As shown
5 on Page 1, the total under-collection of Regulatory Commission annual assessments
6 and consultants hired or retained by the Commission, the DOE, and OCA, as
7 compared to the amounts in base distribution rates, is \$608 thousand dollars,
8 reflecting the difference between the expenses and recoveries through base
9 distribution rates over the period January 1, 2021 through December 31, 2021, as
10 presented on page 4 of this exhibit. Page 2 projects the monthly recovery and
11 reconciliation of the initial \$468 thousand⁴ net under recovery through December
12 2020 for the period August 1, 2021 to July 31, 2022. Page 3 projects the monthly
13 revenues and reconciliation of the \$549 thousand net under recovery over the period
14 from August 1, 2022 to July 31, 2023, the period of time during which the RRA is
15 proposed to be in effect. Page 4 reflects the revenue requirement of the Regulatory
16 Commission annual assessments and consultants hired or retained by the
17 Commission, the DOE, and OCA, in excess of what was included in base
18 distribution rates for the period January 1, 2021 to December 31, 2021. Page 5
19 provides a listing of invoices of the quarterly NH PUC/DOE assessments and

⁴ Id. at Page 1, line 1 (Revised).

1 consultants hired or retained by the Commission, the DOE, and OCA for the various
2 regulatory initiatives over the January 1, 2021 to December 31, 2021 time period.

3 3. Attachment MBP/EAD-3 is a four-page exhibit that identifies the cost of the
4 Vegetation Management Program (“VMP”) to be recovered or refunded through
5 the RRA mechanism. Page 1 calculates the average RRA rate of (0.008) cents per
6 kWh for the portion of the RRA based on the cost of the VMP in accordance with
7 Section 6 and Section 9.1(b) of the Settlement and Order No. 26,433. Page 2
8 projects the monthly revenues (in this case, a refund to customers) of the initial
9 over-recovery associated with the VMP of (\$4.332) million⁵ over the period from
10 August 1, 2021 to July 31, 2022. Page 3 projects the monthly revenues (in this
11 case, a refund to customers) and reconciliation of the (\$626) thousand net over-
12 recovery over the period from August 1, 2022 to July 31, 2023, the period of time
13 during which the RRA is proposed to be in effect. Page 4 reflects the reconciliation
14 of actual VMP costs to VMP costs included in base distribution rates for the period
15 January 1, 2021 to December 31, 2021, with the over-recovery in VMP costs to be
16 refunded to customers as part of this process.

17 4. Attachment MBP/EAD-4 is a five-page exhibit that identifies the cost of Property
18 Taxes to be recovered through the RRA mechanism as compared to the amount in
19 base distribution rates. Page 1 calculates the average RRA rate of 0.025 cents per
20 kWh for the portion of the RRA based on the cost of Property Taxes in excess of

⁵ Id. at Page 1, line 2 (Revised).

1 what is included in base distribution rates in accordance with Section 9.1(c) of the
2 Settlement and Order No. 26,433. Page 2 projects the monthly revenues of the
3 initial under-recovery associated with the Property Taxes of \$2.041 million⁶ over
4 the period from August 1, 2021 to July 31, 2022. Page 3 projects the monthly
5 revenues and reconciliation of the \$1.879 million net under-recovery over the
6 period from August 1, 2022 to July 31, 2023, the period of time during which the
7 RRA is proposed to be in effect. Page 4 reflects the reconciliation of the actual
8 Property Tax amount and the amount included in base distribution rates for the
9 period January 1, 2021 to December 31, 2021, and the excess amount to be
10 recovered from customers as part of this process.

- 11 5. Attachment MBP/EAD-5 is a four-page exhibit that identifies the cost of the Lost
12 Base Revenue (“LBR”) due to Net Metering to be recovered or refunded through
13 the RRA mechanism. Page 1 calculates the average RRA rate of 0.007 cents per
14 kWh for the portion of the RRA based on the cost of the LBR due to Net Metering
15 in accordance with Section 9.1(d) of the Settlement and Order No. 26,433. Page 2
16 projects the monthly revenues of the initial under-recovery associated with the LBR
17 due to Net Metering of \$290 thousand⁷ over the period from August 1, 2021 to July
18 31, 2022. Page 3 projects the monthly revenues and reconciliation of the \$545
19 thousand net under-recovery over the period from August 1, 2022 to July 31, 2023,
20 the period of time during which the RRA is proposed to be in effect. Page 4 reflects

⁶ Id. at Page 1, line 3 (Revised).

⁷ Id. at Page 1, line 4 (Revised).

1 the actual LBR of \$578 thousand due to Net Metering for the period January 1,
2 2021 to December 31, 2021 to be recovered from customers as part of this process.

3 6. Attachment MBP/EAD-6 is a five-page exhibit that identifies the cost of Storm
4 Cost amortization to be refunded through the RRA mechanism. Page 1 calculates
5 the average RRA rate of (0.003) cents per kWh for the portion of the RRA based
6 on the cost of Storm Cost amortization in accordance with Section 9.1(e) of the
7 Settlement and Order No. 26,433. Page 2 projects the monthly revenues (in this
8 case, a refund) of the initial over-recovery associated with the Storm Cost
9 amortization of (\$233) thousand⁸ over the period from August 1, 2021 to July 31,
10 2022. Page 3 projects the monthly revenues (in this case, a refund to customers)
11 and reconciliation of the (\$252) thousand net over-recovery over the period from
12 August 1, 2022 to July 31, 2023, the period of time during which the RRA is
13 proposed to be in effect. Page 4 reflects the reconciliation of actual revenues
14 (recovered through base distribution rates) to expenses for the period January 1,
15 2021 to December 31, 2021, with the over-recovery to be refunded to customers as
16 part of this process. Page 5 provides a listing of the Storm Cost amortization
17 reconciliation by month based on the actual cost of long-term debt as calculated per
18 the Company's quarterly Form F-1.

19 7. Attachment MBP/EAD-7 is an 8-page exhibit that calculates the rates by rate class
20 and provides the Rate R bill impacts due to the proposed RRA rate change.

⁸ Id. at Page 1, line 5 (Revised).

8. Attachment MBP/EAD-8 is a multi-page exhibit that reflects the tariff changes due to the proposed RRA rate adjustments.

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

A. Attachments MBP/EAD-1 to MBP/EAD-6 provide calculations of the over or under-recoveries for the individual cost components within the RRA rate mechanism. The RRA rate is an average rate based on the total over and under-recoveries of the RRA cost components through December 31, 2021 in accordance with Section 9.1 of the Settlement and Order No. 26,433. The table below provides the rate calculation for each component of the RRA; however, the actual RRA rate is an average rate for all components in the RRA.

Cost Category	Current Rate (cents/kWh)	Proposed Rate (cents/kWh)	Change
Regulatory Assessments/Consultant Costs	0.006	0.007	0.001
Vegetation Management Program (VMP)	(0.068)	(0.008)	0.060
Property Tax Expense	0.027	0.025	(0.002)
LBR due to Net Metering	0.004	0.007	0.003
Storm Cost Amortization Reconciliation	(0.003)	(0.003)	-
Total Average RRA ⁹	(0.035)	0.027	0.062

Regulatory Assessments/Commission and OCA Consultant Expenses

Q. Please describe the detailed support for the calculation of the Regulatory Assessments/Commission, DOE and OCA Consultant costs included in Attachment MBP/EAD-2.

A. Per the Commission's Order No. 26,433 issued on December 15, 2020 approving the settlement agreement in Docket No. DE 19-057, to comply with the intent of Section 9.1(a)

⁹ Numbers may not add due to rounding.

1 of the settlement agreement, the Company has prepared Attachment MBP/EAD-2 to
2 recover the Regulatory Assessments/Commission, the DOE, and OCA Consultant Costs
3 through the RRA. Section 9.1(a) of the settlement agreement states the following, with
4 emphasis added:

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

23 Consistent with the Commission's approval of the settlement agreement in Order No,
24 26,433, Attachment MBP/EAD-2, Page 4 reflects the \$608 thousand revenue requirement
25 for: (i) the actual Regulatory Commission annual assessments per book expense compared
26 to the approved annual Regulatory Commission annual assessments amount recovered in
27 base distribution rates, for the period January 1, 2021 to December 31, 2021; and (ii) the
28 actual Commission, DOE, and OCA Consultant expenses incurred for the period January
29 1, 2021 to December 31, 2021¹⁰.

¹⁰ Settlement, at Bates page 15.

Vegetation Management Program (VMP) Expenses

Q. Please describe the detailed support for the calculation of the VMP costs included in Attachment MBP/EAD-3.

A. Per Order No. 26,433, in addition to the Company's March 1, 2022 filing in this docket, to comply with the intent of Section 9.1(b) of the Settlement, the Company has prepared Attachment MBP/EAD-3 to recover or refund the VMP Costs through the RRA. Section 9.1(b) of the Settlement states the following:

The RRA shall include the calendar year over- or under-collection from the Company's Vegetation Management Program. The over- or under-collection shall be credited or charged to the RRA on August 1 of the following year. The Company may request transfer of unspent amounts to the subsequent year's Vegetation Management Program budgets. The amount in base rates shall be \$27.1 million for ETT, Hazard Tree Removal, ROW and SMT programs. The amount to be recovered in the RRA shall be based on the overall vegetation management program variance for the prior calendar year, rather than variances for individual activities within the overall program.

Consistent with the Settlement, Attachment MBP/EAD-3, Page 4, reflects the actual VMP costs per book, net of reimbursables, as compared to the VMP costs recovered in base distribution rates for the period January 1, 2021 to December 31, 2021. As noted in the March 1, 2022 filing,¹¹ the VMP expense over-recovery to be refunded to customers is approximately (\$800) thousand.

¹¹ Docket No. DE 22-010, March 1, 2022 filing, Attachment RDA/JJH/RDJ-1, Page 5, Bates page 29.

1 **Q. Is the Company requesting a transfer of the unspent amount of approximately (\$800)**
2 **thousand to the 2022 vegetation management program budget as allowed by the**
3 **settlement agreement?**

4 **A.** No. The Company is proposing to refund the over-recovery to customers through this
5 RRA rate effective August 1, 2022.

Property Tax Expense

Q. Please describe the detailed support for the calculation of the Property Tax expense included in Attachment MBP/EAD-4.

A. Per Order No. 26,433, to comply with the intent of Section 9.1(c) of the Settlement, the Company has prepared Attachment MBP/EAD-4 to calculate the amount recoverable from customers associated with Property Tax expenses through the RRA. Section 9.1(c) of the Settlement states the following:

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

Consistent with the Commission's approval of the Settlement in Order No, 26,433, Attachment MBP/EAD-4, Page 4, reflects the \$2.149 million revenue requirement calculated by comparing the actual Property Tax Expenses, as recorded in the Company's accounting general ledger system (net of post-test year abatements and other related adjustments), to the approved Settlement amounts recovered in base distribution rates for the period January 1, 2021 to December 31, 2021.

1 **Q. Were the Step 1 and Step 2 Property Tax amounts appropriately reflected in the**
2 **calculation to determine the recoverable Property Tax expense amount of \$2.149**
3 **million, as shown in Attachment MBP/EAD-4, Page 4?**

4 A. Yes. Because the Step 1 and Step 2 Property Tax amounts are incremental to the \$45.2
5 million property tax expenses allowed for recovery under the DE 19-057 Settlement, the
6 approved Step 1 and Step 2 property tax revenue requirement amounts¹² of approximately
7 \$1.6 million and \$1.9 million, respectively, were appropriately removed from the calendar
8 year 2021 (CY 2021) calculation to determine the Property Tax expense revenue
9 requirement to include in this RRA filing. The distribution rate change from the Step 1
10 revenue requirement increase went into effect on January 1, 2021 (including the Property
11 Tax expense), resulting in the recovery of \$1.6 million in base distribution rates for the
12 period January 1, 2021 through July 31, 2021 (CY 2021). The distribution rate change
13 from the Step 2 revenue requirement increase went into effect on August 1, 2021 (including
14 the Property Tax expense), resulting in the recovery of five months of the \$1.9 million in
15 base distribution rates for the period from August 1, 2021 through December 31, 2021 (CY
16 2021). In addition, five months of the \$1.6 million Step 1 were included in base distribution
17 rates for the period from August 1, 2021 through December 31, 2021 (CY 2021). A
18 summary of the Steps 1 and 2 Property Tax expense adjustments reflected in the calculation
19 in Attachment MBP/EAD-4, page 4 is provided in the table below.

¹² Order Nos. 26,439 (December 23, 2020) and 26,504 (July 30, 2021).

		Property Tax	Monthly		CY 2021 Recovery		
<u>Line</u>	<u>Step</u>	<u>Amount</u>	<u>Amount</u>		<u>Jan to Jul</u>	<u>Aug to Dec</u>	<u>Total</u>
1	1	\$ 1,595,774	\$132,981		\$1,595,774	\$ 664,906	\$2,260,680
2	2	\$ 1,944,523	\$162,044		\$ -	\$ 810,218	\$ 810,218
3	Total	<u>\$ 3,540,297</u>	<u>\$295,025</u>		<u>\$1,595,774</u>	<u>\$1,475,124</u>	<u>\$3,070,898</u>

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

A. Schedule EHC/TMD-31 in Docket No. DE 19-057 distribution rate case provides detail to support the property tax expense of \$45,186,407. This amount includes local municipal property taxes and New Hampshire state utility property tax and excludes property tax allocated to Construction Work in Progress (“CWIP”) and non-utility property. The property tax expense included in base distribution rates was also normalized to remove any refunds received from property tax settlements received for taxes paid through the test year ending December 31, 2018. However, any future refunds received for property taxes paid post-test year would be included in the property tax reconciliation. The Company will also note that while Schedule EHC/TMD-31 does identify property taxes associated with certain building leases, these buildings were formerly leased, but as of the test year the leases has been transferred to Eversource. Any property taxes associated with leases are not included in the property tax expense that is subject to this reconciliation.

1 **Q. Why does the reconciliation period for Property Tax expense cover the period**
2 **January 1, 2021 through December 31, 2021?**

3 A. As described above and outlined in the Docket No. DE 19-057 settlement agreement,
4 current and future RRA filings reflect a reconciliation of actual property tax expenses to
5 the amount recovered in base distribution rates for the prior calendar year.

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

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

9 A. As noted in the separate testimony and attachments of Mr. Davis and per Order No. 26,433,
10 the Company has summarized the LBR due to Net Metering to be recovered through the
11 RRA as previously referenced and provided in Attachments EAD-2 and EAD-3, in
12 compliance with Section 9.1(d) of the Settlement as follows:

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

24 Consistent with the Commission's approval of the Settlement, Attachment MBP/EAD-5,
25 Page 4, summarizes the actual displaced LBR due to Net Metering for the period January
26 1, 2021 to December 31, 2021, resulting in a \$578 thousand revenue requirement, and

represents the revenue due to displaced kWh during 2021 for all customer installations beginning January 1, 2019.

Storm Cost Amortization Reconciliation

Q. Please describe the detailed support for the calculation of the Storm Cost Amortization Reconciliation included in pages 4 to 5 of Attachment MBP/EAD-6.

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

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

Consistent with the Settlement, Attachment MBP/EAD-6, Page 4, reflects the Storm Cost Amortization Return amount recovered in base distribution rates for the period January 1, 2021 to December 31, 2021, as compared to the recalculated Storm Cost Amortization

1 Return amount using actual long-term debt interest rates for the period January 1, 2021 to
2 December 31, 2021. The difference of (\$282) thousand will be refunded to customers
3 through the RRA rate.

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

6 A. No. The \$68.5 million being amortized beginning August 1, 2019 reflected the shortfall
7 between the storm fund account collected from customers and the deferred storm costs and
8 carrying charges through December 31, 2018. Any costs and associated carrying charges
9 incurred after December 31, 2018 are reconciled once the Commission approves the storm
10 costs and the amount collected in the storm fund is used to offset those additional costs.

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

13 A. No. In compliance with the Section 9.2 Settlement¹³ as approved in Order No. 26,433,
14 ADIT is not included in the carrying charge calculation of RRA over or under recoveries.

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

16 A. The Company has allocated the total average RRA rate to each class using the same
17 allocation methodology used to allocate prior step rate adjustments. That is, the Company
18 calculated an equal percentage decrease to each rate class and set rates using the target
19 revenue decrease for each rate class. Attachment MBP/EAD-7, page 3 provides the

¹³ Settlement, at Bates page 18.

1 revenue allocation to each rate class and page 4 calculates the kWh or kW rates for each
2 rate class. The proposed rates are included on page 1 of Attachment MBP/EAD-7.

3 **Q. Has the Company included rate exhibits and calculations of the customer bill impacts**
4 **for the proposed August 1, 2022 RRA rate change?**

5 A. Yes, this detail is provided in Attachment MBP/EAD-7.

- 6 • Page 5 provides a comparison of residential rates proposed for effect August 1,
7 2022 to current rates effective February 1, 2022 for a 550 kWh monthly bill, a 600
8 kWh monthly bill, and a 650 kWh monthly bill.
- 9 • Page 6 provides a comparison of residential rates proposed for effect August 1,
10 2022 to rates effective August 1, 2021 for a 550 kWh monthly bill, a 600 kWh
11 monthly bill, and a 650 kWh monthly bill.
- 12 • Page 7 provides the average impact of each change on bills for all rate classes by
13 rate component on a total bill basis, excluding energy service.
- 14 • Page 8 provides the average impact of each change on bills for all rate classes by
15 rate component on a total bill basis, including energy service.

16 The rate impacts provided in Attachment MBP/EAD-7 incorporate the rates reflecting (i)
17 the permanent Distribution rates approved in Order No. 26,433 in Docket No. DE 19-057;
18 (ii) the 2019 Step Adjustment revenue requirement approved in Order No. 26,439 in
19 Docket No. DE 19-057; (iii) the 2020 Step Adjustment revenue requirement approved in
20 Order No. 26,504 in Docket No. DE 19-057; (iv) the 2022 Fee Free and New Start
21 Programs Base Rate Adjustment approved in Order No. 26,568 in Docket No. DE 19-057;
22 (v) the Energy Service rate reflecting rate changes approved in Order No. 26,557 in Docket

No. DE 21-077 and in effect as of February 1, 2022; (vi) the Stranded Cost Recovery Charge rate reflecting rate changes approved in Order No. 26,569 in Docket No. DE 21-117 and in effect as of February 1, 2022; (vii) the Transmission Cost Adjustment Mechanism rate reflecting rate changes approved in Order No. 26,501 in Docket No. DE 21-109 and in effect as of August 1, 2021; (viii) the System Benefits Charge rate reflecting rate changes approved in Order No. 26,553 and Order No. 26,556, in Docket No. DE 20-092 and in effect as of March 1, 2022; and (ix) the RRA rate change(s) proposed in this filing. Revised rates will be proposed at a later date for the Distribution Rate to incorporate the Step 3 adjustment, Energy Service, Stranded Cost Recovery Charge, and Transmission Cost Adjustment Mechanism for effect on August 1, 2022.

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

A. Yes. Updated tariff pages are provided in Attachment MBP/EAD-8.

III. CONCLUSION

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

A. Yes, Eversource would need final approval of the RRA rate by July 26, 2022, to implement the new rates for service rendered on and after August 1, 2022.

Q. Does this conclude your testimony?

A. Yes, it does.