

Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. DE 22-049

Date Request Received: November 29, 2022
Data Request No. RR-001

Date of Response: December 07, 2022
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Request from: New Hampshire Public Utilities Commission

Witness: Paruta, Marisa B

Request:

Please provide the impact the financing will have on rate base and customer rates, using the September 30, 2022 financial information.

Response:

Please see Attachment RR-01.

Using the key assumptions provided in DE 22-049 Exhibit 2, page 11, the Company calculated the impact to rate base costs of issuing \$600 million debt at an interest rate of 5.27% and a maturity date of 30 years to be an increase of base distribution revenue requirements of approximately \$5 million. This amount is about a 1.2% increase to base distribution rates, and a 0.2% increase to total customer rates. The average monthly customer bill using 600 kWh would see a total increase of approximately \$0.40 per month.

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**PSNH Pro-Forma Rate Base Impact of Financing Application
Rate Base in Base Distribution Rates as of November 1, 2022**

(a) Distribution Rate Debt Cost Calculation

Amount

Total Allowed Distribution Rate Base as of 11/1/22	\$ 1,416,606,382
Allowed Weighted Debt Cost (DE 19-057)	1.81%
Total Return of Debt Cost	\$ 25,674,711

(b) Distribution Rate Debt Cost Calculation, As Adjusted

Total Allowed Distribution Rate Base as of 11/1/22	\$ 1,416,606,382
Allowed Weighted Debt Cost (Pro Forma)	2.19%
Total Return of Debt Cost	\$ 30,976,108

(c) Impacts of Financing to Base Distribution Revenue & Rates

Incremental Cost to Base Distribution Revenue	\$ 5,301,396
Base Distribution Revenue (DE 22-030 Order No. 26,709)	\$ 426,362,258
Increase to Base Distribution Rate	1.24%
Total Revenue Requirements (all Rates)	\$ 2,667,091,082
Increase to total Customer Rates	0.20%
Billed Sales in kWh (DE 19-057 Settlement Agreement)	7,954,422,010
Increase to Customer Rates per kWh	\$ 0.00067
Increase to Average Customer's Bill per Month (600 kWh)	\$ 0.39988

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Note> Assumes Series (New) issuance of \$600M used to paydown maturity of Series S \$325M and STD as of beginning of period.

	Balance Sheet (5Q Average):	DE 19-057 Debt	Pro-Forma Adj's	Pro-Forma Est.
Series S	\$	325,000,000	\$ (325,000,000)	\$ -
Series S Debt Issuance Costs	\$	(726,537)	\$ 726,537	\$ -
Series (New)	\$	-	\$ 600,000,000	\$ 600,000,000
Series (New) Debt Issuance Costs	\$	-	\$ (7,001,333)	\$ (7,001,333)
LTD Balance (5 Qtr Average)	\$	1,036,202,586	\$ 268,725,204	\$ 1,304,927,790
STD (5 Qtr Average)	\$	58,640,000	\$ (58,640,000)	\$ -
	Income Statement:	DE 19-057 Expense	Pro-Forma Adj's	Pro-Forma Est.
Series S Interest Expense	\$	11,375,000	\$ (11,375,000)	\$ -
Series (New) Interest Expense	\$	-	\$ 31,620,000	\$ 31,620,000
Series S Amortization Expense	\$	205,928	\$ (205,928)	\$ -
Series (New) Amortization Expense	\$	-	\$ 237,333	\$ 237,333
Annual LTD Int/Amort Expense	\$	42,312,094	\$ 20,276,405	\$ 62,588,499
Annual STD Interest Expense	\$	1,211,998	\$ (1,211,998)	\$ -
WACC - LTD (per Settlement Agreement)		4.08%	7.55%	4.80%
WACC - STD (per Settlement Agreement)		2.07%	2.07%	0.00%
WACC - Debt (Capital Structure)		1.81%	3.31%	2.19%

Source> DE 22-049 Exhibit 2 Pro Forma (page 11 of 12)

Information obtained from, Treasury	
Key Assumptions for Pro Forma financials:	
1 Pro forma date	6/30/22
2 Maturity - in years	30
3 Debt Amount	\$600,000,000
4 Issuance Costs	\$7,120,000
5 Proceeds	\$592,880,000
7 Debt Interest Rate	5.27%
Interest - Yearly	\$31,620,000
Amortization of issuance exp - Yearly	\$237,333
8 Tax Rate	27.004%
Federal	21.000%
State	6.004%

Source> DE 19-057 Attachment EHC/TMD-1 (Perm); Schedule EHC/TMD-40 (Perm)

JUNE 2020 CAPITAL STRUCTURE UPDATE				
ACTUAL 6/30/20 BALANCES (reflecting new debt issuance)				
5 - QUARTER AVERAGE - JUNE 30, 2020 (USING 9.3% ROE)				
	PRINCIPAL	FIXED PERCENTAGE	COST	RATE OF RETURN
Short-Term Debt	\$ 58,640,000	2.44%	2.07%	0.05%
Long-term Debt	\$ 1,036,202,586	43.15%	4.08%	1.78%
Common Equity	\$ 1,306,436,254	54.41%	9.30%	5.06%
Total Capital	\$ 2,401,278,840	100.00%		6.87%
Weighted Cost of Debt				1.81%
Equity				5.06%
Cost of Capital				6.87%