

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 23-_____
Testimony of Brendan J. O'Brien
January 10, 2023

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 23-_____

PURCHASE OF RECEIVABLES

Proposal for Compliance with New Hampshire House Bill 315

DIRECT TESTIMONY OF
Brendan J. O'Brien
On behalf of Public Service Company of New Hampshire
d/b/a Eversource Energy

January 10, 2023

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1 **I. INTRODUCTION**

2 **Q. Mr. O'Brien, please state your full name, position and business address.**

3 A. My name is Brendan J. O'Brien. I am employed by Eversource Energy Service
4 Company ("ESC") as Director of Revenue and Regulatory Accounting. In that role
5 I provide support to the operating companies of Eversource Energy, including
6 Public Service Company of New Hampshire d/b/a Eversource Energy
7 ("Eversource" or the "Company"). My business address is 107 Selden Street,
8 Berlin, CT 06037.

9 **Q. Please summarize your educational background.**

10 A. I graduated from the University of Connecticut in Storrs, Connecticut with a
11 Bachelor of Science degree in Accountancy. I am also a Certified Public
12 Accountant in Connecticut.

1 **Q. Please summarize your professional experience.**

2 A. I began my career at Deloitte & Touche, LLP in Hartford, Connecticut and worked
3 there for approximately eight and a half years, where I held the title of Audit Senior
4 Manager. During this time, I became a Certified Public Accountant. In 2019, I left
5 Deloitte to join Mahoney Sabol & Company, LLP, another public accounting firm
6 located in Glastonbury, Connecticut. I worked there for approximately two years
7 and held the position of Audit Senior Manager prior to joining Eversource Energy
8 in my current role. As Director of Revenue and Regulatory Accounting, I am
9 responsible for all aspects of the accounting and financial reporting for revenue and
10 regulatory matters for each of the Eversource Energy operating utility subsidiaries,
11 including the Company

12 **Q. Have you previously testified before the Commission?**

13 A. I have not previously testified before the New Hampshire Public Utilities
14 Commission. I have previously submitted written testimony to the Massachusetts
15 Department of Public Utilities.

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to present the Company's proposal for compliance
18 with the 2021 New Hampshire House Bill 315 ("HB 315") which added Section 9
19 to RSA 53-E ("Section 9").

20 Section 9 requires each electric distribution utility to propose to the Commission a
21 program for purchase of receivables ("POR"). Pursuant to Section 9, the utility's

1 proposal is required to include a provision for timely payment to the supplier from
2 customers for electric supply and related services less a discount rate.¹ The
3 discount rate is required to be equal to the utility's actual uncollectible rate, adjusted
4 to recover capitalized and operating costs specific to the implementation and
5 operation of the purchase or receivables program, including working capital.
6 Finally, Section 9 requires the discount rate to include a pro rata share of the cost
7 of collection efforts such that the utility's participation in the purchase of
8 receivables program will not require the utility or any non-participating customers
9 to incur costs arising from the POR program.

10 The Company has designed a POR Program to comply with these directives set
11 forth in Section 9 and now requests the Commission's approval of its proposal.

12 **Q. Are you presenting any attachments in support of your testimony?**

13 A. Yes, I am presenting the following attachment in support of this testimony:

Attachment Designation	Purpose/Description
Attachment ES-BJO-1	Sample Calculation of the Discount Rate

14

15 **Q. How is your testimony organized?**

16 A. In addition to this introductory section, my testimony is organized into the

¹ A supplier is defined as "an aggregator functioning as a load serving entity under this chapter or a competitive electricity supplier serving an aggregation under [Section 9]. The term [supplier] shall also include competitive electricity suppliers generally to the extent and for such customer rate classes as the [C]ommission finds, after notice and hearing, that it is for the public good. Such a determination shall be on a utility-specific basis, if proposed and asserted to by the utility." Section 9(I).

1 following sections:

- 2 • Section II provides an overview of Eversource's POR proposal;
- 3 • Section III discusses how the proposed discount rate will be calculated;
- 4 • Section IV discusses necessary tariff and supplier agreement revisions; and
- 5 • Section V provides the conclusion to my testimony

6 **II. PURCHASE OF RECEIVABLE PROPOSAL**

7 **Q. Does the Company have experience with a POR program?**

8 A. The Company does not currently have a POR Program. However, the Company's
9 affiliates in Connecticut and Massachusetts have POR Programs in place. The
10 Company was able to leverage the experience of its affiliates to design the POR
11 Program that is being proposed in this filing in response to HB 315 and Section 9.

12 Based on the Company's experience in Connecticut and Massachusetts, it is
13 proposing a monthly POR Program, i.e., payments will be made to suppliers under
14 the POR Program on a monthly basis. The Company selected a monthly POR
15 Program framework because it is cost effective and aligns with the Company's
16 existing monthly billing cycle.

17 **Q. Is Eversource proposing to offer its POR Program to all competitive
18 suppliers?**

19 A. Yes. Eversource proposes to offer the POR Program to all competitive suppliers
20 that have selected consolidated billing. If the Company were required to set up
21 accounting and billing processes to differentiate between competitive suppliers

1 serving municipal aggregations and other competitive suppliers, it would result in
2 increased costs and administrative burden. Further, by including all competitive
3 suppliers that have elected consolidated billing, retail choice and customer access
4 to competitive markets is increased.

5 **Q. What changes will the Company need to implement to facilitate the POR
6 Program?**

7 A. Implementation of the POR Program will require updates to two billing systems:
8 the C2 billing system (used for residential customers) and NHLPB (used for
9 commercial and industrial (“C&I”) and streetlight customers).

10 **Q. How long will it take to implement the proposed POR Program?**

11 A. The Company estimates a two-month period for research and development; a three-
12 month period to build the system updates (see above); a two-month testing period;
13 and a one-month period for deployment. This will result in an eight-month process
14 following Commission approval of the POR Program. Payments to suppliers would
15 begin after this eight-month implementation period is completed; therefore, the first
16 payment to suppliers would be expected to be made during month nine following
17 approval of the POR Program.

18 **Q. What are the costs associated with the Company’s POR Program proposal?**

19 A. The Company’s current estimate of costs is \$1.9 million. These are the costs to
20 upgrade the C2 and NHLPB systems. Cost estimates were procured from the
21 Company’s IT vendor and reflect simple, monthly purchase of receivables using a

1 single discount rate percentage across rate classes as is further described in Section
2 III below. A more detailed cost breakdown is provided in the table below.

R&D	Build	Testing	Deployment	Total
\$475,000	\$712,500	\$475,000	\$237,500	\$1,900,000

3

4 **III. POR PROGRAM DISCOUNT RATE**

5 **Q. Please explain the Company's proposed discount rate.**

6 A. The Company is proposing a discount rate comprised of an uncollectibles factor as
7 determined by the Company's trailing, two-year uncollectibles expense as a
8 percentage of customer revenue over the same timeframe, and the annual amortized
9 portion of the incremental capital expense for IT infrastructure modifications
10 needed to accommodate POR as a percentage of supplier billings. An amortization
11 period of three years is being proposed for the incremental capital costs which
12 aligns with amortization periods for similar capital expenses the Company has
13 incurred. Incremental operations and maintenance ("O&M") expenses are not
14 currently expected and have therefore not been included in the discount factor.
15 Monthly supplier payments will be reduced by this discount factor.

16 Attachment ES-BJO-1 provides calculation of the uncollectible rate using data from
17 2020 and 2021. Attachment ES-BJO-1 also provides an illustrative example of how
18 the uncollectible factor would be applied to a monthly supplier bill. At the outset

1 of the POR program, the Company intends to leverage the initial discount rate for
2 any receivables already on suppliers' books. Recalibration of the discount rate will
3 be performed annually, and the Company recognizes that any changes to the
4 proposed rate would be subject to Commission approval.

5 **Q. Is the Company proposing the same discount rate for all customer classes?**

6 A. No. The Company did not consider proposing discount rates that differ by class
7 due to the need to implement POR in two very different billing systems. Due to
8 the need to accommodate two different systems, the Company determined that the
9 potential benefits would be outweighed by the additional costs associated with the
10 necessary system upgrades for facilitating multiple discount rates.

11 **Q. Does the Company expect to incur costs due to administering collection efforts,
12 and if so, how did the Company determine the pro rata share of the cost of
13 administering collection efforts?**

14 A. No, the Company does not expect to incur incremental costs due to administering
15 collection efforts under the POR Program proposal. .

16 Therefore, no related administrative costs have been allocated to the POR. The
17 Company will continue to monitor administrative costs associated with the POR
18 Program and may request approval to include any such costs in a future adjustment
19 of the discount rate.

1 **IV. TARIFF TERMS AND CONDITIONS**

2 **Q. Will revisions to the Company's Tariff Terms and Conditions be necessary to**
3 **reflect the POR proposal?**

4 A. Yes. Once approved the Company will submit proposed revisions to its Terms and
5 Conditions to reflect the POR Program. The Company's Electric Suppler Services
6 Agreement will also require revisions to ensure consistency with the POR Program.

7 **Q. Did the Company include drafts of these revisions as part of this filing?**

8 A. No. The Company expects that it will receive feedback to its proposal during the
9 course of this proceeding. Therefore, it determined that it is most efficient to submit
10 these revisions as a compliance filing that reflects the outcome of the proceeding,
11 including calculation of the discount rate. As discussed above, the Company
12 anticipates an eight-month implementation timeline for its POR Program once
13 approved; the Company proposes submission of the revised tariff and supplier
14 agreements for Commission review during that eight-month implementation
15 period.

16 **IV. CONCLUSION**

17 **Q. Do you have any concluding remarks?**

18 A. The Company's POR Program proposal is consistent with the directives set forth
19 in HB 315 and Section 9. The proposal also leverages the experience of its affiliates
20 in managing a successful POR Program. For these reasons, the Company
21 respectfully requests that the Commission approve the Program as proposed.

1 Q. **Does this conclude your testimony?**

2 A. Yes, it does.