

Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. DE 23-004

Date Request Received: May 10, 2023
Data Request No. DOE 2-010

Date of Response: May 23, 2023
Page 1 of 1

Request from: Department of Energy

Witness: O'BRIEN, BRENDAN J

Request:

Re: DOE 1-10

Please provide data regarding the Company's annual uncollectible expenses from 2013-2023, in order to provide a picture of historical trends regarding the Company's annual uncollectible expenses.

Response:

Uncollectible expense for PSNH from 2013 – 2022 is as follows (2023 will not be finalized until early January 2024):

Year	Uncollectible Expense
2013	\$ 6,608,268
2014	6,814,925
2015	9,192,761
2016	7,572,242
2017	6,935,827
2018	6,590,251
2019	6,909,166
2020	8,531,549
2021	6,653,584
2022	5,381,668

**Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. DE 23-004**

**Date Request Received: May 10, 2023
Data Request No. DOE 2-011**

**Date of Response: May 23, 2023
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Request from: Department of Energy

Witness: O'BRIEN, BRENDAN J

Request:

Re: DOE 1-11

Please provide the DPR calculation (Attachment ES-BJO-1) and the live excel spreadsheet with the revenue requirement calculation included. If the revenue requirement calculation cannot be completed, please explain why.

Response:

Please see Attachment DOE 2-011(a) for the DPR calculation with the revenue requirement included. The detailed revenue requirement calculation is provided in Attachment DOE 2-011 (b).

Please note that, in order to be consistent with the proposal made in Docket No. DE 22-072 regarding the amortization period for billing system upgrades, the Company has adjusted the discount rate calculation to amortize the total revenue requirement over a five-year period rather than over the three-year period originally proposed.

POR Sample Calculation

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	2021	2020	Total
<u>Part 1 - Uncollectible expense</u>			
Uncollectible Expense	\$ 6,653,584	\$ 8,531,549	\$ 15,185,133
Customer Revenues	<u>\$ 1,046,840,638</u>	<u>\$ 957,675,878</u>	<u>\$ 2,004,516,516</u>
Uncollectible Factor per \$ of revenues	0.00636	0.00891	0.00758
<u>Part 2 - Implementation of POR costs</u>			
Revenue requirement of Cost to modify billing systems (estimate)		\$ 2,223,421	
Amortization period in years		<u>5</u>	
One year amortization		\$ 444,684	
2021 actual Supplier billings		<u>205,801,977</u>	
Implementation Factor per \$ of billings			0.00216
<u>Part 3 - Incremental Administrative Expenses</u>			
Place holder - no current estimate			
Combined Part 1, 2, 3 = POR discount rate			<u><u>0.00974</u></u>
Monthly Supplier Billing (Hypothetical)	\$ 1,000,000		
POR Discount Rate	<u>0.00974</u>		
Reduction of Supplier Payment	\$ 9,740		

**Public Service Company of New Hampshire d/b/a Eversource Energy
DE 23-004 Purchase of Receivables (POR) IT Project
Illustrative Revenue Requirement**

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<u>Line #</u>	<u>Description</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
1	Investment Return and Income Taxes	\$ 132,999	\$ 94,346	\$ 61,457	\$ 32,025	\$ 2,593
2	Amortization Expense (5 year life)	380,000	380,000	380,000	380,000	380,000
3	Revenue Requirement - Annual	\$ 512,999	\$ 474,346	\$ 441,457	\$ 412,025	\$ 382,593
4	Revenue Requirement - Cumulative	\$ 512,999	\$ 987,346	\$ 1,428,802	\$ 1,840,827	\$ 2,223,421

Public Service Company of New Hampshire d/b/a Eversource Energy
DE 23-004 Purchase of Receivables (POR) IT Project
Assumptions

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Key Assumptions

Total Capital Cost	\$ 1,900,000	See Total Additions Worksheet
ROE	9.30%	DE 19-057 Settlement
Debt %	43.15%	DE 19-057 Settlement
Preferred %	2.44%	DE 19-057 Settlement
Equity %	54.41%	DE 19-057 Settlement
Estimated Useful Life	5	
Tax Life	6	See Depreciation (tax) Worksheets
Amortization Period - 5 years	20.00%	
Depreciation Period (Plant) - 5 years	\$ 380,000	

**Public Service Company of New Hampshire d/b/a Eversource Energy
DE 23-004 Purchase of Receivables (POR) IT Project
Illustrative Investment Base**

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<u>Line #</u>	<u>Description</u>		<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
1	Gross Plant	\$	1,900,000	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000
2	Accumulated Depr/Amortization	\$	(380,000)	\$ (760,000)	\$ (1,140,000)	\$ (1,520,000)	\$ (1,900,000)
3	Net Plant	\$	1,520,000	\$ 1,140,000	\$ 760,000	\$ 380,000	\$ -
4	ADIT	\$	-	\$ (61,749)	\$ (57,633)	\$ (13,996)	\$ 29,640
5	Total Investment Base	\$	1,520,000	\$ 1,078,251	\$ 702,367	\$ 366,004	\$ 29,640
6	Pre-Tax Return on Investment Base @ 8.75%	\$	132,999	\$ 94,346	\$ 61,457	\$ 32,025	\$ 2,593
7	After-Tax Return @ 6.87%	\$	104,432	\$ 74,082	\$ 48,257	\$ 25,146	\$ 2,036
8	Income Taxes on Equity @ 1.88%	\$	28,567	\$ 20,265	\$ 13,200	\$ 6,879	\$ 557

**DE 23-004 Purchase of Receivables (POR) IT Project
Illustrative Accumulated Deferred Income Taxes (ADIT)**

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<u>Line #</u>	<u>Description</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
1	Acc Tax Depreciation - Federal	\$ 380,000	\$ 988,000	\$ 1,352,800	\$ 1,571,680	\$ 1,790,560
2	Acc Book Depreciation	<u>380,000</u>	<u>760,000</u>	<u>1,140,000</u>	<u>1,520,000</u>	<u>1,900,000</u>
3	Excess Tax over Book - Federal	\$ -	\$ 228,000	\$ 212,800	\$ 51,680	\$ (109,440)
4	Federal Tax Rate	<u>19.38%</u>	<u>19.38%</u>	<u>19.38%</u>	<u>19.38%</u>	<u>19.38%</u>
5	ADIT - Federal	<u>\$ -</u>	<u>\$ 44,193</u>	<u>\$ 41,247</u>	<u>\$ 10,017</u>	<u>\$ (21,213)</u>
6	Acc Tax Depreciation - State	\$ 380,000	\$ 988,000	\$ 1,352,800	\$ 1,571,680	\$ 1,790,560
7	Acc Book Depreciation	<u>380,000</u>	<u>760,000</u>	<u>1,140,000</u>	<u>1,520,000</u>	<u>1,900,000</u>
8	Excess Tax over Book - State	\$ -	\$ 228,000	\$ 212,800	\$ 51,680	\$ (109,440)
9	State Tax Rate	<u>7.70%</u>	<u>7.70%</u>	<u>7.70%</u>	<u>7.70%</u>	<u>7.70%</u>
10	ADIT - State	<u>\$ -</u>	<u>\$ 17,556</u>	<u>\$ 16,386</u>	<u>\$ 3,979</u>	<u>\$ (8,427)</u>
11	Total ADIT - IT Investment	<u>\$ -</u>	<u>\$ 61,749</u>	<u>\$ 57,633</u>	<u>\$ 13,996</u>	<u>\$ (29,640)</u>

Book Depreciation

**DE 23-004 Purchase of Receivables (POR) IT Project
Illustrative Book Depreciation**

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<u>Line #</u>	<u>Description</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
2	Cumulative Additions	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000
3	Depreciation/Amortization Rate	<u>20.00%</u>	<u>20.00%</u>	<u>20.00%</u>	<u>20.00%</u>	<u>20.00%</u>
4	Depreciation/Amortization Expense	\$ <u>380,000</u>	\$ <u>380,000</u>	\$ <u>380,000</u>	\$ <u>380,000</u>	\$ <u>380,000</u>
5	Accumulated Depreciation/Amortization	\$ <u>380,000</u>	\$ <u>760,000</u>	\$ <u>1,140,000</u>	\$ <u>1,520,000</u>	\$ <u>1,900,000</u>

**DE 23-004 Purchase of Receivables (POR) IT Project
Illustrative Federal Tax Depreciation**

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<u>5 Year MACRS</u>		<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	
<u>Line #</u>								
1	Annual	20.000%	32.000%	19.200%	11.520%	11.520%	5.760%	
2	Cumulative	20.000%	52.000%	71.200%	82.720%	94.240%	100.000%	
								<u>Total</u>
3	<u>Year</u> Investment	\$ 1,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,900,000
4	Bonus Depreciation Rate @	0%	0%	0%	0%	0%	0%	
5	Annual Bonus Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6	Cumulative Bonus Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
7	Amount subject to 5 Year MACRS	\$ 1,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Year 1	\$ 380,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380,000
9	Year 2	\$ 988,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 988,000
10	Year 3	\$ 1,352,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,352,800
11	Year 4	\$ 1,571,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,571,680
12	Year 5	\$ 1,790,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,790,560
13	Year 6	\$ 1,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,900,000

Tax Depreciation - State

**DE 23-004 Purchase of Receivables (POR) IT Project
Illustrative State Tax Depreciation**

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<u>5 Year MACRS</u>												
<u>Line #</u>		<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>					
1	Annual	20.000%	32.000%	19.200%	11.520%	11.520%	5.760%					
2	Cumulative	20.000%	52.000%	71.200%	82.720%	94.240%	100.000%					
												<u>Total</u>
3	<u>Year</u> Investment #REF!	\$ 1,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#REF!
4	Amount subject to 5 Year MACRS	\$ 1,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
5	Year 1	\$ 380,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380,000
6	Year 2	\$ 988,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 988,000
7	Year 3	\$ 1,352,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,352,800
8	Year 4	\$ 1,571,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,571,680
9	Year 5	\$ 1,790,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,790,560
10	Year 6	\$ 1,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,900,000

WACC

DE 23-004 Purchase of Receivables (POR) IT Project
DE 19-057, Settlement Order No. 26,433 dated 12/15/2020
(\$ in 000's)

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Line	Class of Capital	Principal	Percent of Capital	Cost	Weighted Rate of Return	Tax Gross-up on Equity 0.3714	Weighted Pre-Tax Return
	Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	
1	Long Term Debt	\$ 1,036,203	43.15%	4.08%	1.76%		1.76%
2	Short Term Debt	\$ 58,640	2.44%	2.07%	0.05%		0.05%
3	Common Equity	\$ 1,306,436	54.41%	9.30%	5.06%	1.88%	6.94%
4	Total	<u>\$ 2,401,279</u>	<u>100.00%</u>		<u>6.87%</u>	<u>1.88%</u>	<u>8.75%</u>
5	<u>Illustrative After Tax Return used for discounting</u>						
6	Long Term Debt				2.98%	1.28%	
7	Short Term Debt				1.51%	0.04%	
8	Common Equity				9.30%	5.06%	
9	Total After Tax Cost					6.38%	

Income Taxes

Public Service Company of New Hampshire d/b/a Eversource Energy
DE 23-004 Purchase of Receivables (POR) IT Project
Income Tax Assumptions

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<u>Line #</u>	<u>Description</u>	<u>NH Rate</u>	
1	Taxable Income	100.000%	
2	NH State Income Tax	<u>7.700%</u>	
3	Taxable Income After NH State Income Tax	92.300%	Line 1 - Line 2
4	Federal Corporate Income Tax	<u>21.000%</u>	
5	Federal Income Tax	19.383%	Line 3 x Line 4
6	NH State and Federal Income Tax (T)	27.083%	Line 2 + Line 5
7	Net Income After Taxes on Income (1 - T)	72.917%	Line 1 - Line 6
8	State and Federal Taxes / Net Income After Taxes on Income (T / (1 - T))	0.3714	Line 6 / Line 7
9	Income Tax Gross-Up (1 / (1 - T))	1.3714	Line 1 / Line 7

Total Additions

**Public Service Company of New Hampshire d/b/a Eversource Energy
DE 23-004 Purchase of Receivables (POR) IT Project
Illustrative Capital In-Service Additions**

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<u>Line #</u>	<u>Description</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL</u>
1	Plant In-Service	\$ 1,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,900,000
2	<u>Cumulative Additions</u>							
3	Plant In-Service	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000	

Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. DE 23-004

Date Request Received: May 10, 2023
Data Request No. DOE 2-002

Date of Response: May 23, 2023
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Request from: Department of Energy

Witness: O'BRIEN, BRENDAN J

Request:

Re: DOE 1-2

Please confirm that if a CEPS or CPA chooses to participate in the POR program, all of the CEPS or CPA customers for whom complete billing has been chosen must be included in the POR. Please also confirm that a CEPS and CPA can opt to have a group of customers on complete billing and included in the POR and individual customers or a group of customers on pass through billing and not included in the POR.

Response:

All customers served by a Supplier and/or as part of a community power aggregation who are billed through consolidated (i.e., "complete") billing will automatically be covered by the proposed POR program. If a Supplier or CPA wants any customer account or accounts not to participate in POR, it can enroll or send a change transaction choosing passthrough billing as the applicable billing option.

(c) Timing of Payment to Participating Suppliers

The payment to Suppliers of the amounts computed in accordance with the provisions of subsection 9(d) below shall be made monthly consistent with the combined average payment period of the Company's Customer Classes. Unless otherwise ordered by the Commission, the average payment period shall be based on actual historical data for the most recent 12-month period for which data is available in the relevant classification, or other appropriate period, as approved by the Commission. On or about March 15th of each year, the Company shall file with the Commission data on the average historical payment period that will be in place the subsequent year beginning on May 1st. The Discount Rate computed in accordance with the provisions of subsection 9(d) below will remain in effect for the entire year, unless otherwise approved by the Commission.

(d) Amount of Payment to Participating Suppliers

The Company shall pay to the Supplier the full amounts due from Customer for Supplier Service, less the Discount Rate as defined below. For any Customer that has elected Budget Billing, or is subject to a periodic payment plan agreed to by the Company, the full amounts due for Supplier Service shall be based on the Customer's actual usage rather than on the amount the Customer is billed under the Budget Billing program or such periodic payment plan. In all other instances, the full amounts due for Supplier Service shall be based on the amount actually billed to the customer.

On or about March 15th of each year, the Company shall file with the Commission the said percentages that will be in place for the subsequent year beginning on May 1st. The percentages will remain in effect for the entire year unless otherwise approved by the Commission. The percentages shall be computed in accordance with the following formula:

$$\text{DR} = \text{UP} + \text{ACP} + \text{AICE} \text{ Where}$$

DR = Discount Rate to be deducted from the full amounts due for Supplier Service.

UP = Uncollectible Percentage is the uncollectible expense for all of the Company's customers, based on actual data for the most recent two calendar years for which data is available prior to the annual filing, divided by the total amounts billed by the Company, including late payment charges only if included in uncollectible expense, for that same time period. The period to be used for purposes of calculating the Uncollectible Percentage shall be the same period the Company uses for calculating its uncollectible expense associated with the amounts the Company bills for default energy service supply.

During the first year of POR program operation, the Uncollectible Percentage is the Company's uncollectible expense for all Customers for the calendar years 2021 and 2022, divided by the total amounts billed by the Company, including late payment charges only if included in uncollectible expense.

ACP = Administrative Cost Percentage is the total forecasted incremental costs of POR program administration and collection to be recovered for the subsequent year divided by the total amounts billed for Supplier Service by the Company for the most recent 12-month period for which data is available prior to the annual filing. For the first year of the POR program, the Administrative