STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

September 5, 2023 - 9:01 a.m.
21 South Fruit Street
Suite 10
Concord, NH

RE: **DE 23-070**
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a EVERSOURCE ENERGY:
2023 Transmission Cost Adjustment Mechanism.

PRESENT: Cmsr. Pradip K. Chattopadhyay, *Presiding*
Cmsr. Carleton B. Simpson

F. Anne Ross, Esq./*PUC Legal Advisor*

Doreen Borden, Clerk

APPEARANCES: **Reptg. Public Service Company of New Hampshire d/b/a Eversource Energy:**
Jessica A. Chiavara, Esq.

Reptg. Residential Ratepayers:
Michael Crouse, Esq.
Office of Consumer Advocate

Reptg. New Hampshire Dept. of Energy:
Molly M. Lynch, Esq.
Matthew C. Young, Esq.
Scott Balise, Electric Group
Stephen Eckberg, Electric Group
(Regulatory Support Division)

Court Reporter: Steven E. Patnaude, LCR No. 52

I N D E X

E X H I B I T S

EXHIBIT NO.	**D E S C R I P T I O N**	**PAGE NO.**
1	Revised Petition for Approval of Change in Transmission Cost Adjustment Mechanism Rate Filing	*premarked*
2	TCAM Rate B Allocation Adjustment Workpaper *(Prepared by Scott Anderson)*	*premarked*
3	**RESERVED FOR RECORD REQUEST** *(**Ref. Procedural Order Re: Record Requests** dated **09-05-23** in Docket **DE 23-070:** To provide a table with data from 2007 to 2022 comparing the wholesale load forecasts that were used to calculate Transmission Cost Adjustment Mechanism rates with the actual wholesale loads)*	69

P R O C E E D I N G

CMSR. CHATTOPADHYAY: Good morning, everyone. I'm Commissioner Chattopadhyay. I'm joined today by Commissioner Simpson. Chairman Goldner is unavailable for the hearing today.

We are here this morning for a hearing in Docket Number DE 23-070. The authority to convene a hearing in this matter is provided in RSA Chapter 541-A, RSA 374:2, RSA 378:5, and RSA 378:7. We are considering testimony and evidence concerning the proposed TCAM rates for effect on October 1st, 2023. We intend to issue an order on or before September 30th, 2023.

So, let's take appearances, beginning with PSNH. Let's go to Attorney Chiavara.

MS. CHIAVARA: Good morning, Commissioners. Jessica Chiavara, here on behalf of Public Service Company of New Hampshire, doing business as Eversource Energy.

CMSR. CHATTOPADHYAY: Let's go to Office of Consumer Advocate.

MR. CROUSE: Good morning, Commissioners. My name is Michael Crouse. I'm the Staff Attorney to the Office of the Consumer

Advocate, representing residential ratepayers.

Thank you.

CMSR. CHATTOPADHYAY: Let's go to Attorney Lynch.

MS. LYNCH: Good morning, Commissioners. My name is Molly Lynch. I'm representing the Department of Energy. And alongside me are Mr. Stephen Eckberg and Mr. Scott Balise, utility analysts with the Department, along with Attorney Matthew Young.

Thank you.

CMSR. CHATTOPADHYAY: Thank you. Are there any preliminary issues the parties wish to raise?

[No verbal response.]

CMSR. CHATTOPADHYAY: Looks like none.

So, the Parties have premarked Exhibits 1 and 2 for the hearing today. That is correct, right?

MS. LYNCH: Correct.

CMSR. CHATTOPADHYAY: So, there are no additional exhibits the parties wish to submit at this time?

[No verbal response.]

CMSR. CHATTOPADHYAY: So, I'll let Steve proceed with the swearing in. Please go ahead with the witnesses, of course.

(Whereupon ***MARISA B. PARUTA, JAMES E. MATHEWS, DAVID J. BURNHAM,*** *AND* ***SCOTT R. ANDERSON*** *were duly sworn by the Court Reporter.)*

CMSR. CHATTOPADHYAY: Thank you. Let's begin with the direct, Attorney Chiavara.

MS. CHIAVARA: Thank you. I'll begin with Ms. Paruta.

MARISA B. PARUTA, SWORN

JAMES E. MATHEWS, SWORN

DAVID J. BURNHAM, SWORN

SCOTT R. ANDERSON, SWORN

DIRECT EXAMINATION

BY MS. CHIAVARA:

Q Ms. Paruta, will you please state your name and the title of your role at Eversource?

A (Paruta) Yes. Good morning. My name is Marisa Paruta. And I am the Director of Revenue Requirements.

Q And what are the responsibilities of your role at Eversource?

A (Paruta) I am currently responsible for the coordination and implementation of the revenue requirement calculations for the regulatory filings for both New Hampshire electric and the Connecticut electric and gas utility companies for Eversource Energy.

Q And have you ever testified before this Commission?

A (Paruta) Yes, I have.

Q Thank you. Did you file testimony and supporting attachments as part of the filing made on August 29th, 2023, that's marked as "Exhibit 1"?

A (Paruta) Yes, I did.

Q Were the testimony and supporting materials prepared by you or at your direction?

A (Paruta) Yes, they were.

Q And do you have any changes or updates to make to that filing at this time?

A (Paruta) I do, actually. I have one change to Bates Page 012 of my testimony. It is in the Footnote 5 at the bottom, that begins with "PSNH and its affiliates". If we look at -- this is, I think, the fifth line, it states "Based on the recent proposals received, Eversource signed agreements to reassign all of its Use Rights to H.Q. Energy Services (U.S.), Inc., for a one-year term commencing June 1, 2023." That was actually four bidders, as opposed to just Hydro-Quebec, that were awarded the use of the rights for this contract term period.

Q And may I ask, that's just a correction for accuracy, this doesn't have a material impact on any of the calculations that were made in the August 29th filing?

A (Paruta) That is correct.

Q Do you adopt your testimony today, with the modification you just made and updated?

A (Paruta) Yes, I do.

Q Thank you. Moving to Mr. Mathews. Mr. Mathews, will you please state your name and title for your role at Eversource?

A (Mathews) Yes. My name is James Mathews. I'm Manager of Rates and Revenue Requirements for Transmission. And I'm employed by Eversource Energy Service Company.

Q And what is your role at -- the description of your role at Eversource?

A (Mathews) I'm currently responsible for coordination and implementation of transmission rate and revenue requirement calculations for the Eversource operating companies, including PSNH. I also have responsibility related to transmission rate filings before Eversource's affiliated companies' state utility commissions, as well as Federal Energy Regulatory Commission.
Q And have you ever testified before this Commission?
A (Mathews) Yes, I have.
Q Did you file testimony and supporting attachments as part of the filing made on August 29th, 2023, that's marked as "Exhibit 1"?
A (Mathews) Yes.
Q Were the testimony and supporting materials prepared by you or at your direction?
A (Mathews) Yes.
Q And do you have any changes or updates to make at this time?
A (Mathews) No, I do not.
Q Do you therefore adopt your testimony as it was written and filed?

A (Mathews) Yes, I do.
Q Thank you. Mr. Burnham, can you please state your name and the title of your role at Eversource?
A (Burnham) My name is David Burnham. I am the Director for Transmission Policy for Eversource Energy.
Q And what are the responsibilities of your role at Eversource?
A (Burnham) I am responsible for advising Eversource project teams on ISO-New England stakeholder process and reporting requirements, that includes the preparation and the submission of transmission cost allocation applications. And I coordinate Eversource's responses to policy and tariff changes that are developed through the NEPOOL stakeholder process.
Q Have you ever testified before this Commission?
A (Burnham) Yes, I have.
Q And did you file testimony and supporting materials as part of the filing on August 29th, 2023, that's marked as "Exhibit 1"?
A (Burnham) Yes.
Q Do you have any changes or updates to make to

that testimony at this time?

A (Burnham) I don't have any corrections to what was filed. But I would like to explain the reason for the corrected filing that we made on August 29th, which is entered as "Exhibit 1".

The reason for making that filing was because the attachment in my testimony, which is Bates Page 050 in the exhibit, contained somewhat stale data for a few rows, specifically regarding the allocation between regional and local costs, in Columns (E) and (F) for the last few rows. Because of this, the totals listed in the final row of my attachment did not align with certain values that we used to calculate the RNS and LNS wholesale transmission rates that were published on June 15th.

To be clear, the final RNS and whole -- RNS and LNS wholesale transmission charges and allocations and rates were correct in the original filing and have not changed. However, the way the allocations were depicted in my attachment was out of sync with the wholesale rate calculations, so we updated the attachment to more accurately reflect the rates and the allocations, and to provide a more complete picture of the Company's local transmission investments.

Q Thank you. Do you therefore adopt your testimony as it was written and filed on August 29th?

A (Burnham) Yes.

Q Thank you. Mr. Anderson, will you please state your name and the title of your role at Eversource?

A (Anderson) My name is Scott Anderson. I'm the Manager of Rates at Public Service Company of New Hampshire.

Q And the responsibilities of your role at PSNH?

A (Anderson) I provide rate and tariff related services to PSNH.

Q And have you ever testified before this Commission?

A (Anderson) I have.

Q And did you file testimony and supporting attachments as part of the filing on August 29th, 2023, marked as "Exhibit 1"?

A (Anderson) Yes.

Q Were the testimony and supporting materials prepared by you or at your direction?

A (Anderson) Yes.
Q Do you have any changes or updates to make at this time?
A (Anderson) No, I don't.
Q Do you therefore adopt your testimony as it was written and filed?
A (Anderson) Yes, I do.
Q Thank you very much. That is it for the pro forma questions. I'd like to begin with Ms. Paruta.
Ms. Paruta, by way of background, could you provide some context for the Transmission Cost Adjustment Mechanism, the TCAM rate, the adjustment of which the Company is asking for today?
A (Paruta) Yes. The TCAM was established as part of a 2006 distribution rate case, Docket Number 06-028, and it recovers the cost of the transmission expenses from the distribution customers here in New Hampshire. The TCAM established a rate, which is reconciled on an annual basis. The transmission expenses being recovered include the wholesale transmission costs from ISO-New England, such as Regional

Network Service, also referred to as "RNS"; Local Network Service, also referred to as "LNS"; Reliability and Scheduling and Dispatch costs. These are based on FERC-approved tariffs. And, in addition to these wholesale transmission costs, we also have other transmission costs and revenues that flow through here, one of them being the Hydro-Quebec High Voltage DC line transmission interconnection capacity rights, and that contract is something that has been in the TCAM rate for several years now. Originally, in default ES, transitioned into the TCAM rate. And, in addition, we have an allowance for working capital in the TCAM rate as well that has been in there for several years now.

The TCAM working capital is calculated based on a lead/lag study that was established in Docket Number 16-566, directing PSNH to conduct an in-depth lead/lag study conducted for the Company's Default Service, as I mentioned earlier. That study was then specifically tailored for the TCAM rate, and it was first implemented during a similar rate proceeding, in

Docket Number 17-081. And that lead/lag study, as a result, is updated annually for actual data.

The TCAM rate includes both forecasted transmission costs for the upcoming year, as well as adjustments to account for actual transmission costs historically, to forecasted costs in prior rates. So, within those reconciliations and the rate reconciling factor, we have over-/under-recoveries that ultimately do flow through the reconciliation as well.

This year's period is actually a longer year -- a longer period of time. This is the first year that we are -- we are going to have rates effective October 1, 2023, and that is because of Order Number 26,735 that was directed by the Commissioners in the last TCAM proceeding. So, the current TCAM period, rather than a 12-month period rate reconciliation factor calculation, it was actually a period of 14 months, that began an August 1, 2022, and is finishing on September 30th, 2023.

Q Thank you very much for that overview. The next question is for Mr. Anderson.

Could you please highlight the proposed TCAM rate bill impacts for the rate classes?

A (Anderson) Sure. As shown on Exhibit 1 of Attachment SRA-5, on Bates Page 065, Line 33, the impact of the transmission rate change for a 600 kilowatt-hour Residential Rate R customer is an increase of $3.63 per month. The impacts also show on that page 550 and 650 kilowatt-hour customers for Residential Rate R. We also show bill impacts for the proposed TCAM rate as Attachment SRA-7, Bates Page 067 and 068.

Q Thank you very much. Moving to Mr. Mathews. I was wondering if you could explain at a high level the reasons why the TCAM rate is increasing for the upcoming year?

A (Mathews) Yes. As described in the joint prefiled testimony of Ms. Paruta and myself, there's two primary drivers of the increase in the proposed October 1, 2023 TCAM rate.

First, we're projecting Hydro-Quebec revenue credits to decrease for the 12-month period October 1 of 2023 through September 30th, 2024. And, then, the other main factor is forecasted higher RNS expenses for that same TCAM period. The higher RNS expenses reflect the higher wholesale RNS rate that will be in effect January 1 of 2024. And, for background, that rate increased due to forecasted incremental revenue requirements associated with incremental PTF investments that are forecasted in the region, and was also impacted by lower 2022 loads, which are the denominator of the rate calculation. So, lower loads in the denominator equal the higher rate.

So, those were the two primary factors. And, just to be clear, the forecasted increase in the RNS expenses is really driven by the higher RNS rate, not a shift in regional cost allocations due to changes in PSNH's share of the New England load. Over the last five years, PSNH's share of the overall New England load has been relatively consistent.

Q Thank you, Mr. Mathews. I was wondering if you could also provide additional background on the RNS and LNS costs, including what comprises those costs?

A (Mathews) Certainly. So, the wholesale RNS and

LNS costs are calculated under the FERC-approved formula rate that's included as Attachment F of the ISO-New England Open Access Transmission Tariff, the ISO-New England OATT, in the summer of each year, and are effective on January 1 of the subsequent year. The RNS and LNS rate and supporting calculations are publicly posted on ISO-New England's website 45 days in advance of the annual informational filing, which is due for submission to FERC on July 31st of each year.

On Bates Pages 009 and 010 of the Paruta and Mathews' testimony, we provided links to those rates. The RNS and LNS revenue requirement calculations and the resulting rates are subject to the transmission formula rate protocol process, which provides interested parties an opportunity to investigate the wholesale costs and rates that are subject to FERC purview.

A little more specifically on each, RNS and LNS, the RNS costs represent the provision of regional transmission service across all of New England, and the RNS rate recovers the cost of specific facilities referred to as

"Pooled Transmission Facilities", or "PTF". ISO-New England administers the billing of the RNS costs, and the billed amounts are based on the annual RNS rate, divided by 12, multiplied by PSNH's monthly regional network load.

And, then, LNS costs reflect the provision of local transmission service. Eversource Energy Service Company administers the billing of the LNS costs, which are based on Schedule 21-ES of the ISO-New England OATT. And the monthly billing, you take the Local Network Service rate, multiply it by PSNH's monthly Local Service load coincident with the local network peak load.

Q Thank you very much.

A (Mathews) Thank you.

Q I'd like to shift to Mr. Anderson. I was wondering if you could walk us through an adjustment that you made to the allocation of the total transmission revenue requirements, the way that they were allocated across all of the rate classes this year?

A (Anderson) Sure. For the last two years, there has been a discrepancy in the allocation of

Rate B, where Rate B customers were allocated a slightly larger share than should have been allocated to that rate class. The Rate B allocation is done first, then the remaining costs are divided among the rest of the rate classes, so this means that the other rate classes were allocated a smaller percentage of the costs that they were responsible for.

The misallocation was less than one percent of the total revenue requirement. Also, this allocation issue did not affect the overall revenue requirement. That is, the Company did not over- or under-collect overall.

To remedy this misallocation, we first calculated the correct allocation for this year's costs among all rate classes. Then, we credited Rate B for the amount that was over-collected from the last two years to make them whole, and offset that credit with a charge distributed equally across all other rate classes for the same amount, which is the amount that should have been collected from them originally. These offsets ensure that at the end of this upcoming 12-month TCAM period, all customer classes will have paid their fair share, as well as the prior two years.

The total misallocation over two years was approximately $1.8 million, again, less than one percent of the revenue requirement for transmission. Even compared with the overall $215 million transmission revenue requirement for this year alone, the reallocation is quite small and will have a minor impact on non-Rate B customers. As an example, the offset will increase for a 600 kilowatt-hour Residential Rate R customer of 14 cents out of the $3.63 bill impact for the proposed TCAM rate.

Q Thank you. Mr. Anderson, are you familiar with the document marked as "Exhibit 2"?

A (Anderson) Yes. Exhibit 2 is a workpaper that I created that depicts the calculation of the credits and charges that will be offset -- that will offset the misallocation to Rate B customers.

Q Thank you. I just wanted to ask a question about the lead/lag study. This is for Ms. Paruta.

How did the net days for cash working capital for this year compare with that from last year?

A (Paruta) The net lead days for this year's calculation have decreased slightly, and that results in an increase to the TCAM revenue requirements. This year's net lead days were 14.7 days, as compared to last year's net lead days of 19 days. And the primary driver here on this particular decrease was the LNS lead/lag calculation, as compared to last year. Overall, since 2017, the lead/lag study continues to be an overall benefit to customers as a reduction in the revenue requirement, as the allowance for that rate of return on the TCAM working capital is a credit.

Q Thank you very much. The final question is for all of the witnesses.

Is it each of yours and the Company's position that the TCAM rates proposed for the period of October 1st, 2023, through September 30th, 2024, as described in Exhibit 1, are just and reasonable and consistent with the public interest?

A (Paruta) Yes.

A (Mathews) Yes.

A (Burnham) Yes.

A (Anderson) Yes.

MS. CHIAVARA: That is all I have for direct exam. Thank you.

CMSR. CHATTOPADHYAY: Thank you. So, let's begin with Attorney Crouse for the cross.

MR. CROUSE: Thank you, Commissioners. The Office of the Consumer Advocate doesn't have any questions at this time.

CMSR. CHATTOPADHYAY: Thank you. Let's go to DOE then.

MS. LYNCH: Thank you. The Department has a few questions.

Thank you all for being here today. These questions are for the panel. I'll try to direct them to the appropriate person. But, if I mess up, please forgive me. I believe these questions are for Mr. Anderson.

CROSS-EXAMINATION

BY MS. LYNCH:

Q So, reviewing Exhibit 1, Bates Page 026, I believe you gave an overall presentation of the change in the rates. But can you please identify what is the current overall rate that is being requested here?

A (Anderson) Yes. The forecasted TCAM rate for this upcoming period is 2.701 cents per kilowatt-hour.

Q Thank you. And, in going to Exhibit 1, Bates Page 027, how does that current overall rate compare to last year's rate?

And, specifically, I'm on Line 13.

A (Paruta) I can take it, Mr. Anderson. I can start it, if you need --

A (Anderson) Yes. Thank you. I'm lost on my Bates pages.

A (Paruta) That's okay. It was actually in one of my attachments.

Q Oh, okay.

A (Paruta) So, I can start. So, yes. The TCAM rate, as Mr. Anderson indicated, for this year that we're proposing is the 2.701 percent **[cents?]**, last year it was 2.179 percent **[cents?]**. So, there is an increase of 24 percent, 0.522 cents. And we had briefly described the reason for the increase between Mr. Mathews and myself.

Q Just to clarify, what is the change in cents?

A (Paruta) Oh, sorry. It's 52 cents, because these are presented in dollars. Wait, hold on. Yes, this is in cents. So, it is 0.522 cents.

Q Thank you. And is the overall percentage increase, I think you mentioned this, but just to clarify the record?

A (Paruta) Yes. That's correct, 24 percent.

Q Okay. Awesome. Thank you. And, if we go to Exhibit 1, Bates Page 063, and I will get there as well. So, what is the percentage of this increase as applied to residential customers?

A (Anderson) The Residential rate class will see a 25.6 percent increase.

Q Okay. Thank you. And staying on that same page, what is the percentage of the increase or decrease that will apply to the Rate B customers, given what you testified to earlier?

A (Anderson) In total, Rate B customers will see an increase of 24.0 percent, as shown on Line 48.

Q I'm sorry, I was asking specifically for Rate B?

A (Anderson) Yes. I'm sorry. Rate B is 64.7 percent reduction.

Q And -- oh, I'm sorry. I didn't mean to interrupt you. Thank you.

Okay. And, then, I believe this was Mr. Mathews testified to this. You testified about what was contributing to the increase in this TCAM this year. And you mentioned a terminology "PTF". Could you explain what that is please?

A (Mathews) "PTF", and I may turn to Mr. Burnham, if we get into a technical or engineering explanation, but "PTF" refers to "Pooled Transmission Facilities", that was sort of the high-voltage lines that provide regional service across all of New England.

Anything, Mr. Burnham, you would add to that?

A *[Witness Burnham indicating in the negative]*.

A (Mathews) Thank you.

Q And just to kind of also reiterate this point, is you testified that New Hampshire's overall rate of payment of these transmission costs is not increasing, is that correct?

A (Mathews) That's correct. I looked back five years through the regional network load reports, to, one, satisfy my own curiosity, and saw that, over the five years, New Hampshire's share of the regional network load has ranged from about 6.8 to 7 percent.

Q So, I believe you touched on it, but if you could go into a little bit more detail, what specifically is causing the RNS and LNS costs to increase?

A (Mathews) The primary driver over time of increased RNS and LNS expenses are new investments being placed into service.

Q And what are these investments?

A (Mathews) These represent are for both reliability projects, and other projects, to enhance the condition of the transmission assets.

Q And I believe you've directed us to the footnotes that was part of Ms. Paruta's testimony on Bates Page 009, and said that these rates are "posted publicly", --

A (Mathews) Uh-huh.

Q -- is that correct?

A (Mathews) Correct.

Q And, specifically, there was a reference to "Schedule 9". What is "Schedule 9", if I'm looking at Footnote 1 on Bates Page 009?

A (Mathews) Yes. Schedule 9 is essentially a formula for the RNS rate calculation. It's specified in the ISO-New England Open Access Transmission Tariff, Schedule 9 shows what that calculation is, which is the pooled regional -- forecasted regional revenue requirements of the New England transmission owners, divided by a historical load, so, the load from the prior year, to derive the RNS rate.

Q And is that also in addition to forecasted investments?

A (Mathews) I would say that the forecasted revenue requirement of the New England transmission owners that I referred to, --

Q Uh-huh.

A (Mathews) -- which would be the numerator in the calculation on Schedule 9, includes forecasted investments.

Q All right. Thank you. And kind of just staying there, for Footnote 2, there was a reference to "Schedule 1". What is "Schedule 1"?

A (Mathews) "Schedule 1" refers to the mechanics of the Scheduling & Dispatch rate.

Q And this is, you know, maybe this is a basic question, but I think this was helpful when I was preparing for this case, is what, you know, Ms. Paruta has testified as to what is included in the TCAM rate. What is included -- what is "Scheduling & Dispatch"?

A (Mathews) "Scheduling & Dispatch" are essentially ISO-New England costs for the movement of power throughout the New England Control Region.

Q And kind of staying on this, too, is what also -- what costs -- what is also "reliability"? When the Company says "These are reliability costs", what does that include?

A (Burnham) So, broadly speaking, there are two categories of projects we would include in reliability projects. The first are what I call "regional reliability projects" that are planned through studies run by ISO-New England. They are generally projects that are performed to bring the transmission system into compliance with various reliability criteria that are required by either NERC, N-E-R-C, the "North American Electric Reliability Corporation", or NPCC, which is the "Northeast Power Coordinating Council". That's the first category. That's regional reliability projects.

The other type of project that I would roll up into "general reliability project" is what we call in New England "asset condition projects". These are projects that are associated with keeping our existing transmission facilities up to criteria, in a state of good repair. So, that includes things like replacing transmission structures, reconstructing lines, rebuilding portions of substations. For the most part, those projects are driven by aging and deteriorating existing infrastructure.

Q Thank you. And turning to Exhibit 1, Bates Page 050, kind of staying there, and I'm going to get there as well. Mr. Burnham, can you, you know, overall explain what this chart is showing?

A (Burnham) The chart on Bates Page 050 is showing the larger or the more costly transmission projects that were placed in service by PSNH in 2022. Specifically, we applied a $5 million threshold when we were preparing this exhibit. So, we've listed individual projects that had a plant in service in excess of $5 million in 2022. And, then, other smaller projects were summarized in Lines 12 and 13. And again, for 2022, most of the projects that PSNH, perhaps all the projects that PSNH placed in service were associated with asset condition of various transmission facilities, primarily transmission lines located throughout the state.

Q So, you testified that this is only for projects placed in service in 2022. But doesn't the TCAM rate that's being proposed here today also include projects that were placed in service in 2023?

A (Mathews) Yes, it does.

Q If the Commission wanted to find out more information about those projects, where would it -- where would you direct them to, or members of the public as well?

A (Mathews) Right. The best source for investigating the forecasted --

[Court reporter interruption.]

CONTINUED BY THE WITNESS:

A (Mathews) -- forecasted capital additions would be to review the Company's annual update. It's essentially an annual informational filing that is posted on the ISO-New England website on June 15th of each year. And we gave the links on

Bates Paged 009 and 010 to that filing. And it's later filed at FERC on July -- by July 31st of each year.

But the best source would be to follow through to the annual update on ISO-New England's website. And there will be -- it's an extremely large filing. So, I'll give you a little bit more direction. If you endeavor to view it now, you'd go to Attachment 3 of the annual update, and in there would be each New England transmission owner's revenue requirement calculations, all of the support. And, in Appendix B to Attachment 3 for each company, you would find their regional and their local forecasted additions.

BY MS. LYNCH:

Q Thank you.

A (Mathews) You're welcome.

Q And kind of just going back to the chart, just to, you know, what does, and I believe this would be for Mr. Burnham, what does "OPGW" stand for?

A (Burnham) "OPGW" stands for "Optical Ground Wire". It's a component that's used to shield our lines from lightning strikes. So, it's a conductor. It also contains at its core a series of fiber optic communications cables. So, it provides both lightning protection for our lines, and we use it for communications between our substations and back to our control centers.

Q Thank you. And I believe you had discussed this a little bit, but could you provide greater detail between what is in Column (E) versus what is in Column (F) of this chart on Bates Page 050?

A (Burnham) Yes. Column (E) -- so, first, I should say that Column (E), plus Column (F), yields the total shown in Column (D), just to make sure I'm clear on how the columns work together.

So, Column (E) shows the investments that are considered "regional" investments, they are recovered via the RNS rate. And Column (F) shows the investments that are considered "local" investments that are recovered via the LNS rate.

Q Thank you. And, then, on Line -- I believe it's Line 12, can you explain why there is a negative number in Column (E) of Line 13?

A (Mathews) That particular negative number represents somewhat typical utility activity related to additions. And, in this particular case, at year-end 2021, certain invoices were accrued. When those invoices reversed in 2022, and the actual costs came through, they were slightly lower, yielding a negative net addition for that category.

Q All right. Thank you. And, then, we discussed a lot about the RNS and LNS costs today. So, could you please, let's start maybe with the RNS, who approved or how are those costs approved?

A (Burnham) Sure. Similar to what I said about how we prepared the exhibit, there's a $5 million threshold. For projects that are expected to exceed $5 million in total costs, they go through a couple of processes that are defined in the ISO-New England Open Access Transmission Tariff.

First, there are -- there's a process that requires us to present the projects to the ISO-New England Planning Advisory Committee. That is a public committee for stakeholder input on our projects and transparency into our costs that is essentially what's coming down the pike.

After we make that presentation, prior to starting construction on a project, we also need to submit a Transmission Cost Allocation application, which is reviewed by the NEPOOL Reliability Committee, another stakeholder committee, and also reviewed by ISO-New England, to determine that the costs are eligible to be recovered through the RNS rate.

And, then, finally, after a project is actually placed in service, you can see there's a list of in-service projects here in the attachment, the costs are included in the RNS or LNS wholesale transmission rates, as appropriate. And there we have the annual informational filing that Mr. Mathews referred to, as well an information exchange and challenge process that exists around those filings and those costs as well.

Q And who can be a member of this, of the Planning Advisory Committee?

A (Burnham) The Planning Advisory Committee is open to the public in most circumstances, except for rare cases where critical energy infrastructure information is discussed. In that case, it's actually still open to the public, but everyone who participates needs to sign an NDA with

ISO-New England.

Q All right. Thank you. And you have described projects that are more than 5 million. What is the process for projects that are less than 5 million?

A (Burnham) Projects that are less than 5 million do not need to go through the ISO-New England Planning Advisory Committee process or the Transmission Cost Allocation process that I described before.

However, they are included in the costs that are part of the annual informational filing, and subject to review and challenge through the information exchange process.

Q And just to reiterate, those costs are on, is it -- I believe it's Line 13 of Bates Page 050? Oh, no, I'm sorry. That's -- no, no. That's on Line 13, in Column (E)?

A (Burnham) It's -- Yes, it's Line 13 and Line 12, in Column (E), for presentation purposes, we summarize those costs into two lines. Line 13 covers smaller projects associated with line structure replacements and OPGW installations. And, then, Line 12 covers all other reliability projects, substation upgrades, things like that.

Q Okay. Thank you. And could you explain the approval process kind of on the flip-side for LNS please?

A (Burnham) The approval process for LNS has some similarities to the ISO-New England process. There's an annual meeting of what is called the "Transmission Owner Planning Advisory Committee", happens every October. And, during that meeting, all of the transmission owners present our anticipated what are called "non-PTF projects" that are expected to have a cost in excess of $5 million. So, it's a similar process, similar committee, also open to the public, and actually happens on the same day as the ISO-New England Planning Advisory Committee meeting in October.

There is no Transmission Cost Allocation application process for local costs, because those costs are, at the outset, not eligible for recovery through the RNS rate. And, then, the annual informational filing, and processes around that that we've described earlier, also apply to local costs. So, the local costs are included in the LNS rate, and have similar transparency provisions to the LNS rate -- excuse me, to the RNS rate, the regional rate.

Q And these public meetings, for the TOPAC and the PAC, are the agendas for these meetings publicly available?

A (Burnham) The agendas are typically published seven calendar days or five business days in advance of the meeting, along with all of the materials.

Q Okay. And these meetings will address proposed projects that may go -- that may be placed into service in 2024, would that be accurate?

A (Burnham) Yes, in 2024, or beyond.

Q Okay.

A (Burnham) It's a forward-looking -- those meetings are forward-looking. We present projects before -- actually before we even start construction. How long it takes them to go into service depends on the project. So, it may be 2024 or 2025, even 2026, in terms of what's coming kind of to the PAC now.

Q Okay. Thank you. And, then, just, I'm going to jump, but I apologize, but the Company, you know, explained, you know, the reallocation for the Rate B. Will Eversource's customers receive any notification regarding that reallocation?

A (Anderson) We had not intended to make any specific notice to customers. Again, it's for, generally, customers, it's a small increase of about 14 cents per kilowatt-hour. So, we did not intend to draw that out.

Q Okay. Thank you.

A (Anderson) And if I could make a correction to an earlier question from you, Ms. Lynch, on Bates Page 063, when you asked me about the Rate B bill impact? Rate B is represented in a couple of rows there, and I gave you the wrong row of information.

The total Rate B impact is "49.3 percent", as represented in Rows 51, 52, and 53, as opposed to the incorrect number that I gave you as "64.7 percent". That was only for the base component portion of Rate B. So, I apologize for that.

MS. LYNCH: Okay. Thank you. If I just may have a moment?

CMSR. CHATTOPADHYAY: Absolutely.

[Atty. Lynch and Mr. Eckberg conferring.]

MS. LYNCH: The Department of Energy has no further questions at this time. Thank you.

CMSR. CHATTOPADHYAY: Thank you. We will go to the Commissioners' questions. So, let's start with Commissioner Simpson.

CMSR. SIMPSON: Thank you.

BY CMSR. SIMPSON:

Q So, before we move off of Rate B, Rate B is backup service, correct?

A (Anderson) That's correct.

Q So, how many customers do you have on that rate?

A (Anderson) There's approximately 26 customers that are a stable group of customers.

Q And do you have any sense of their overall bill impact from the adjustment?

A (Anderson) Yes. So, the overall bill impact is shown on SRA-7, Page 2 of 2, Bates Page 068. You can see there Rate B, there are "GV Rate B" customers and there are "LG Rate B" customers. GV customers would receive approximately a 6.4 percent decrease on their overall delivery and energy bill; and LG Rate B customers would receive a 9.5 percent decrease based on their overall delivery and energy portion of their bill, total bill.

Q And, for customers that are on Rate B, that's a supplement to their primary service, correct?

A (Anderson) No. These customers are billed as Rate B customers.

Q Could you describe for me the nature of service that those customers expect under Rate B?

A (Anderson) Rate B customers are backup service customers. So, they take -- they set demands more intermittently --

Q Uh-huh.

A (Anderson) -- than normal customers. The demands they set, though, are charged a demand charge, although it is lower than a normal Rate GV or LG customer, --

Q Okay. Thank you.

A (Anderson) -- for that intermittency purpose or reason.

Q Okay. Thank you for that clarification. Going to Bates 050, the table that we've talked about, just a general question for my understanding.

So, these are transmission projects that are owned and operated and developed by Public Service Company of New Hampshire, correct?

A (Burnham) Correct.

Q And Eversource has a transmission affiliate in New Hampshire, correct?

A (Burnham) No. Eversource does not have a transmission affiliate in New Hampshire. PSNH owns and develops our transmission facilities and distribution facilities.

Q Okay. So, PSNH, do you know what NERC entities it's registered as?

A (Burnham) I don't, off the top of my head, I don't know.

Q But certainly a transmission owner?

A (Burnham) I would expect that PSNH would be registered as a transmission owner. It could be registered as other --

Q Yes.

A (Burnham) -- functions as well.

Q Okay. And how do you allocate those costs between your distribution components and your transmission components, if they're owned by the same operating company? What's that methodology look like?

A (Paruta) I can answer that. So, Eversource, actually, in Massachusetts -- excuse me, in Connecticut and New Hampshire, we have direct-charging. So, the transmission business for PSNH, the assets are direct-charged. So, it's segmentized within our system. There is no I'll call it "direct allocation". Like, in Massachusetts, for the transmission tariff, we actually do have a wages and salaries allocator that was established many, many, many years ago.

So, hopefully, that answers your questions.

Q Uh-huh.

A (Paruta) It's -- the majority is direct-charged. So, transmission is transmission; distribution is distribution. There's a very, very small percentage of plant that we refer to as "general plant" that sometimes need to be allocated, but it's relatively small.

Q Okay. So, it is a different grouping than you have in your other service territories for New Hampshire?

A (Paruta) It is a different grouping than we have in our Eastern Mass. transmission tariff, correct.

Q Okay.

A (Paruta) As opposed to our Western Mass. Eversource business for transmission and our Connecticut Eversource transmission business.

Q Okay. And, then, for these projects, first, generally, for the increase that we're seeing of about 24 percent, that increase, is it driven primarily by companies unaffiliated with Eversource regionally?

A (Burnham) I should probably clarify first. I believe the "24 percent" is the overall increase in the TCAM rate, --

Q Uh-huh.

A (Burnham) -- which only a portion of that is due to increased RNS and LNS expenses.

On the -- and I'll start first with LNS costs, all of the LNS costs charged to PSNH are associated with PSNH --

Q Yes.

A (Burnham) -- transmission projects. So, on the regional side, these RNS costs or the RNS expenses paid by PSNH are regional costs. They represent the costs associated with transmission facilities across New England.

Q Uh-huh.

A (Burnham) Some of those are transmission projects constructed by our other affiliates in Massachusetts and Connecticut. Some of them are also transmission projects constructed by other unaffiliated companies in other states. I don't know the specific breakdown for, say, 2022 off the top of my head. It does vary year-to-year, depending on which company has, you know, maybe larger or more numerous projects that happen to be going into service in any particular year.

Q Do you have a sense of, for the affiliated companies, Eversource group, the scope of those, versus unaffiliated transmission companies, for what we're seeing here in this filing?

A (Burnham) I don't have a sense in, necessarily, in dollars.

Q Uh-huh.

A (Burnham) I would say, from the interactions that we've had with the other New England transmission owners, both informally and through forums like the Planning Advisory Committee, I think we're all engaged in similar types of projects. We're all facing transmission facilities that were constructed many years ago, and have been subject to kind of the same environmental conditions. So, we're all engaging in some degree of repair/replacement of existing facilities.

On the side of regional reliability projects, our affiliates in Massachusetts and Connecticut are placing -- near the end of some fairly large regional reliability projects in the Boston area and in Connecticut, that are starting to come into service or were finishing up coming into service.

PSNH also has regional reliability projects under construction. I believe they are rendering service this year and next year. So, they're not reflected in the 2022 exhibit this year.

Q Uh-huh.

A (Burnham) But I would expect to see them coming, you know, coming to a TCAM exhibit near you next year.

Q Can you offer a perspective on some of the projects that went into service for 2022

regionally, some of the major projects that come to mind?
A (Burnham) I would want to refer back to some of the exhibits and the informational filing, to make sure I have the right year in my head.
Q Okay. Uh-huh.
A (Burnham) 2022 is long enough ago now in my memory that I would want to refresh my memory.
Q Okay. Then, we'll go to the lead/lag study. You just updated it, correct?
A (Paruta) Yes, that's correct.
Q When would you envision wanting to update it in the future? Do you believe that a similar timeframe of seven years is appropriate, or do you think that that should be done more frequently or less frequently?
A (Paruta) It's actually done annually, Commissioners. And, so, I may have confused the matter in my opening remarks. But we do update it annually. There was a point in time, until I think it was, and I don't want to say exactly, but it was around the 20 -- I have to go back and look at my notes, but it's been several years now. I'll say, definitely, in the last five

years, we included an annual lead/lag study updated for the actual data, the actual costs and expenses within the historical year in the rate reconciliations.

Prior to that, it was -- the lead/lag study that was included in the TCAM rate was carried over from the last rate case settlement agreement, and that was several years back. So, to your point, it was probably five to seven years old when the Commissioners ordered us to update it annually.

Q I guess I should say "the methodology employed". When I read your testimony, I saw that that was directed by this Commission in 16-566, as you mentioned in your testimony.

A (Paruta) That is correct.

Q Is there something that you feel needs to be refreshed from that order that we could offer in an order to you, in terms of an updated methodology or directives with respect to lead/lag?

A (Paruta) It always helps to sit down with the experts. I think it would be helpful to sit down with the Department of Energy Staff and the OCA and revisit it.

Q Uh-huh.

A (Paruta) There are times that maybe you could take a look at it and make improvements to it.

Q Okay.

A (Paruta) So, I certainly wouldn't be bashful to an opportunity to sit down and revisit it. That would be an opportunity I would welcome.

CMSR. SIMPSON: Okay. And no directive here, but, if there is something in closing that you might like to offer with respect to that that might be helpful to the Department or the OCA, I'm all ears.

BY CMSR. SIMPSON:

Q So, in your testimony, Ms. Paruta and Mr. Mathews, you noted, on Bates Page 015, Lines 16 through 19, that RNS costs are higher due to a decrease in the 12 monthly coincident peak loads, coupled with an increase in revenue requirements associated with PTF investments, do you recall that?

A (Mathews) Yes.

Q Do you -- what do you expect the driver for TCAM costs to be in the near future? Or, do you think this is simply applicable to this year in front of us today?

A (Mathews) I think it's somewhat difficult to identify all the drivers. You know, we provided a five-year TCAM rate chart that showed some fluctuations in the TCAM rate from year to year, due to true-up activity that gets built into rates going forward. But, overall, generally, increases in the rates are due to the capital investments being placed in service, as myself and Mr. Burnham described.

Q And can you speak to the nature of those PTF investments that are driving the increase in RNS costs?

A (Burnham) It's a mix of asset condition-related projects across all six New England transmission owners, as well as regional reliability projects, again, spread mostly across the six New England transmission owners.

Q Okay. And I know you've mentioned that today. Can you distinguish those two categories for us, "asset condition" versus "reliability"?

A (Burnham) Sure. Regional reliability projects are identified by planning studies initiated and led by ISO-New England.

Q Uh-huh.

A (Burnham) Those are focused on compliance with mandatory reliability planning criteria. And, then, asset condition projects are identified by the transmission owners, and are associated with, basically, the condition of our existing facilities, and the need to either replace or repair deteriorating facilities or, in some cases, bring our facilities into compliance with certain criteria, usually criteria around system protection would be something that we would identify.

Regardless of whether they're projects identified by ISO-New England or by the transmission owners, they still have to proceed through the stakeholder processes that I described before, and they're treated the same way in the rate update processes and the transparency and challenge processes around that.

Q Okay. So, is it a combination of a corporate asset management strategy, on-site inspections, assessment of risks, like physical and cybersecurity, are those factors that weigh into your decision-making?

A (Burnham) Those are all examples of factors that go into both whether there's a need to move forward with an asset condition project, and also how we move forward with the project, what actually gets replaced and how we do it. Kind of the best information comes from direct inspections of facilities.

Q Uh-huh.

A (Burnham) That is what we prefer to do. You know, in some cases, we also need to rely on other information, such as age, history of failure of similar facilities, things like that.

Q Okay. Thank you. With respect to the Hydro-Quebec agreement, my understanding was that the rates are reassigned annually by means of an RFP. And it sounds like this year you have multiple awardees, is that correct?

A (Paruta) That is correct.

Q And can you, at a general level, describe what that means, in terms of assignment, the process that you used to competitively select awardees, and then the benefit that results for Public Service Company of New Hampshire customers through that process?

A (Paruta) I'll do my best. It's certainly not a department I oversee. But I did speak to the individuals that do perform these tasks annually. It's actually the same department that works on the RFP process for default energy supply process, the same individuals.

Q Okay.

A (Paruta) So, taking that same approach, what they do is they take the entire 100 percent, and I'll ask Mr. Burnham to fill in for me a little bit if he finds the need to, they break it up, actually, into four portions, to try and encourage more competitive bidding. This year, as a result of that, they actually did get four separate bidders. I was told that the information is confidential, but will be made public at some point. I don't believe it has been yet.

As a result of that, we actually did receive higher value bids for our customers, because of the break out. The reduction in the revenue from last year was a direct result of the forward energy market, as compared to last year. So, unfortunately, as we had put in our testimony, that specific revenue credit reduced significantly compared to last year. But we believe, as a result of the RFP, we made it very competitive. And, as a result, that benefit does come back to customers in this year's rate.

Q And, in the past, was it only Hydro-Quebec that received that assignment of rights?

A (Paruta) I know last year it was, --

Q Uh-huh.

A (Paruta) -- through the competitive bidding process, there was only a one year prior. So, this is the third year, I believe, where it's competitively bid.

Before that, the original contract was just Hydro-Quebec, and they had entered into the long-term contractual agreement for those Use Rights. After that expiration, and we entered into the next 20-year contract, that's when we made the decision for the Eversource rights to have them competitive bid. As a result of that, I've been told by the experts that it really has benefited our customers in all three states as a result.

Q And --

MS. CHIAVARA: Excuse me, Commissioner Simpson. I'm sorry, I just wanted to correct something for the record?

CMSR. SIMPSON: Sure.

MS. CHIAVARA: Ms. Paruta said that "we received four bids." And I would like to correct the record that I believe she meant that "we were awarded four bids", because the amount of bids received is confidential information.

CMSR. SIMPSON: Okay.

MS. CHIAVARA: But we were awarded -- we awarded for, like, to four bidders --

[Court reporter interruption.]

MS. CHIAVARA: We awarded the bids to four bidders, t-o, four bidders.

CMSR. CHATTOPADHYAY: Thank you.

WITNESS PARUTA: Thank you, Ms. Chiavara.

BY CMSR. SIMPSON:

Q And, in the prior year, when it was only awarded to Hydro-Quebec, did you use a competitive bid process?

A (Paruta) Yes, we did.

Q And what does the fact that you've now had significantly more interest in those rights, what does that tell you? Or, was there more or less interest? Was it just that their bid was stronger for all four tranches?

A (Burnham) So, in the -- for prior years, where the Use Rights were competitively bid, I believe we did receive interest from multiple bidders --

Q Uh-huh.

A (Burnham) -- in those years as well. It just so happens that this year we had four winning bidders, and last year it was just Hydro-Quebec.

Q And that seems to indicate to me there's a stronger appetite if you have more interest, I could be wrong. But I wonder if the Company has any perspective on that, in terms of the diversity of awardees for these rights, and what that says about their value?

A (Burnham) I don't think we have -- I don't think we have a lot of intel from the bidders. We kind of we get their offers, --

Q Okay.

A (Burnham) -- but we don't have additional insights into what motivates them, I would say.

Q Uh-huh. Okay. Do you have a perspective on the value?

A (Burnham) From what we have heard, the bids and the overall value are driven by forward expectations for energy market prices. So, like Ms. Paruta said, last year, we were in early 2022 when we ran the RFP.

Q Uh-huh.

A (Burnham) Forward expectations for the winter ending 2022 and starting 2023 were from very high energy market prices, that also flowed through into the bids that we got for basic service.

Q Yes.

A (Burnham) But, on the Hydro-Quebec Use Rights side, we believe that the bidders in the RFP were also expecting very high energy prices in New England, and were bidding based on that information, essentially, bidding higher based on that information.

Q This time?

A (Burnham) In 2022. Now, the bids that are reflected in the TCAM filing this year were based on an RFP performed in early 2023, --

Q Uh-huh.

A (Burnham) -- when the forward expectations for the remainder of 2023 and into 2024, the forward expectations for the energy market are lower, compared to what they were for end of 2022 and into 2023. And we believe that is what drove the lower overall pricing on the bids.

Q Okay. That's helpful. I appreciate that perspective. I hope that's the case, generally speaking.

And can you confirm whether New Hampshire's load share has generally been higher, relative to the rest of New England? Is higher growth here in New Hampshire, relative to the rest of New England a factor? Is that the case? Is there data that demonstrate how this load share is relative to other states, and how it's changing?

A (Mathews) Excuse me, we may need to tag-team this particular question. But, as I mentioned earlier, you know, PSNH's share of the New England regional load, for the last five years at least, has been relatively stable. You know, year-to-year fluctuations, probably most impacted by weather, long-term -- longer-term changes might be more reflective of economic activity and things of that sort. But, at least in the near term, or the past five years, that share of New England load for PSNH has been roughly 6.8 to 7 percent. And it's gone up a couple years, it came back down to 6.8 in the most recently concluded year, 2022.

I don't know if Mr. Burnham has anything to add, in terms of a bigger picture on that?

A (Burnham) I think, just to put a little bit more color on actually the weather aspect. You know, the allocations that we're referring to are based on actuals, which vary year-to-year, are simply depending on weather patterns. You know, at the time of the monthly peak, was it hotter than usual in New Hampshire, relative to the rest of New England? Or, was it, say, cooler? I'm talking about the summer, --

Q Uh-huh.

A (Burnham) -- this year, where the peak is typically driven by hot weather, --

Q Yes.

A (Burnham) -- and things like that. And, as Mr. Mathews said, in the longer term, over the past five years, we haven't observed what we believe to be a material change in the load share. Over the, you know, much longer term, five plus, you know, probably up to ten years, patterns that we -- or, factors that I would typically expect to see drive load share changes would be things like economic growth, new housing development, population changes, things like that. But those happen over a fairly long time horizon.

Q What about electrification through policy?

A (Burnham) It certainly could going forward, and there are certainly forecasts out there of what the impacts of electrification will be going forward. Right now, I think, just based on historical data, there has not been enough electrification to discern any meaningful impact so far.

CMSR. SIMPSON: Okay. Thank you, all. I don't have any further questions, Commissioner Chattopadhyay.

BY CMSR. CHATTOPADHYAY:

Q So, can we go to Bates Page 050, Exhibit 1? When you talk about "approvals", so, let's look at the lines here from 1 to -- let's say, 1 through 9, or whatever, those are, you know, all regionals, right? It's Line 9, they're all regionals. So, you have a process, you -- there's a PAC. And, then, the rest of the process plays out. There's a cost allocation initiative or process as well. Then, who approves it? Is it FERC ultimately that approves this? Or, is it a process that ISO-New England goes through, along with the transmission owners and other NEPOOL members, to have some sort of approval process?

A (Burnham) The allocations are approved by ISO-New England. We'll get a formal written determination letter when ISO-New England approves an allocation. The overall costs, whether they're regional costs or local costs, are included in the wholesale transmission rates, and subject to challenge through the formula rate protocols process, if I'm using the right words?

A (Mathews) Yes.

Q And that is a FERC jurisdiction?

A (Burnham) Yes. That would have -- the protocols process has a couple of steps that involve information exchange, informal challenge opportunity, and then formal challenge. These are all FERC-approved processes. Some of them would actually play out through docketed proceedings at FERC.

Q Okay. For the projects that are less than $5 million, and I'm assuming those are included in the Lines 12 and 13, as I understood it, for them, you have -- what is the process? Do you still have a -- like, it doesn't go to PAC, does it?

A (Burnham) Those do not go to PAC.

Q So, how do they get approved?

A (Burnham) They're approved through our internal control processes, which are actually the same across all projects, whether they're less than 5 million or more than 5 million. Those costs are also subject to the formula rate protocols processes, the information exchange process, and the challenge processes that are included there. But, because they're smaller, and just associated with projects that are not as large, they're not addressed through the ISO-New England processes in the same way that larger projects are.

Q Can you throw a little bit more light on what is a "challenge process"? I mean, how long is it?

Like, how much time do the other parties have to challenge what you're proposing?

A (Mathews) So, --

Q And, before you proceed, also keep -- tell us also about how the states get involved in that process, if at all?

A (Mathews) Okay. Starting on June 15th, when the New England transmission owners post the annual update through the ISO-New England website, an information request period begins. In that process, interested parties, who include the states, the OCA, the PUC here, can ask questions of the PTOs regarding the inputs and calculations included in the annual update that's been posted on ISO-New England's website. And that period -- that information request period runs from June 15th to September 15th of each year.

In terms of challenge procedures, if a party finds responses unsatisfactory, there's an issue that can't be resolved between the transmission owner and the interested party asking questions, they can initiate an informal challenge, which is not a docketed proceeding at FERC. It's essentially between the transmission owner and the challenger. And it sets about a negotiation process or, you know, a process where they talk and try to resolve the issues, and provide the information that's been requested. The deadline for an informal challenge, I believe, is November 15th of each year.

And, then, if issues still remain unresolved, the interested party can take their informal complaint -- or, informal challenge to a formal challenge, which is a FERC-docketed proceeding. And the deadline for that is January 31st of the subsequent year. So, if we use this year as an example, we file the annual update on June 15th of 2023. We're in the information request process now. Checking my notes, it's actually December 15th for an informal challenge. That's the deadline for an informal challenge. And, then, the formal challenge date would be January 31st of 2024.

In terms of how to participate, as I mentioned, both the New Hampshire PUC and the OCA are interested parties under the formula rate protocols. So, they will have the ability to participate in all of these segments of the formula rate protocols process that I've mentioned. And, in our large document that's been posted on ISO's website, the annual update, Attachment 7 of that particular filing would have a listing of all of the PTOs and their contact personnel to whom an interested party would forward an information request.

Q Thank you. This is -- I'm trying to have more clarity with respect to the LNS process. Now, when you think about LNS, which is Local Network Service, is it possible that Eversource, which is in three different states, may have a Local Network Service project that requires allocation of costs across the three states? Is it possible?

And the reason I'm asking, before you go further, I think I heard from, you know, from one of the witnesses, I think it was Mr. David Burnham, I think, that, if it's PSNH costs, then it's PSNH ratepayers are going to pay for it. But I'm just going back many years now, and in one of the dockets that I worked on, the LNS -- actually, the costs were being split across different states.

So, I'm just trying to get a clarity on whether there could be projects that are -- that the costs are allocated across the footprint of Eversource?

A (Burnham) Sure. You are correct. Some -- several years ago, the Northeast Utilities operating companies had a pooled Schedule 21 for LNS rate. That is no longer the case. I believe it was beginning January 1, 2022, --

A (Mathews) That is correct.

A (Burnham) -- that we all moved to individual LNS rates. So, there is now a PSNH LNS rate, which represents only PSNH's LNS expenses. So, there's no pooling with other operating companies.

Q Good to know.

A (Burnham) Okay.

Q On Rate B, so, how long have this reality been going on, which is that you're over-recovering from Rate B customers? And why is it that you have to fix it out now, and not previously?

A (Anderson) So, in my preparation for this year's filing, I reviewed previous worksheets, and came across these input errors in 2021 and 2022 filings. I also looked further back, all the way back to 2017, did not see similar errors. So, it was a supporting workpaper input error that found its way into the workpapers in 2022 and 2021 that we're correcting for in this year's filing.

Q So, we are talking about really just input errors, not something to do with some altered rate design?

A (Anderson) No. It was an error in not updating one of the numbers that should have been updated.

Q Okay. If you recall, I'm not sure who was in charge of DE 22-034, going back to the previous year, there was a question about, can you tell us, you know, you forecast what, you know, the peak loads are, you always sort of forecast it, and then base the numbers for the rates based on that, then you go to that particular year and actually what happened.

Can you -- so, I think there was a question like that last time, and you provided data on the difference between what the actual turned out to be as opposed to what was forecasted. Can you -- can you do the same thing again, by also adding 2022?

A (Anderson) I can point to two areas in the workpapers that show that allocation I believe you're talking about. And, then, the last couple of years it's been somewhat stable, the Rate B coincident demands.

Q No, I'm not talking about Rate B now. I'm just moving on. I'm talking about, generally, when you forecast what the peak load is going to be next year, and then what it turns out to be? That's what I'm asking about.

So, to be specific, sorry, I'm going to read it from my notes here: "Under DE 22-034, the Company responded to a record request asking for a table depicting PSNH's forecasted average monthly peak load against average actual monthly peak load from 2012 to 2021."

Okay. And I'm asking, can that be updated to include 2022?

A (Mathews) Yes, we can provide that.

Q So, that would be -- and how quickly can you do it?

A (Mathews) Probably within a couple of days.

Q Within a couple of days, okay. So, today is Tuesday. We can have it by Friday, that would work.

A (Mathews) Yes. We'll do our best to provide it by Friday.

CMSR. CHATTOPADHYAY: Okay. So, I'll have this as a record request. And I'll reserve "Exhibit 3" for this. Will that work?

[Atty. Chiavara indicating in the positive.]

CMSR. CHATTOPADHYAY: Okay.

MS. CHIAVARA: Yes. That's fine.

CMSR. CHATTOPADHYAY: Okay.

*(**Exhibit 3** reserved for record request.)*

CMSR. CHATTOPADHYAY: I have a very general question.

BY CMSR. CHATTOPADHYAY:

Q So, you go through the ISO-New England process, you talk about RNS and LNS. Does it -- can it be that ISO-New England finds that there is something that needs to be done by Eversource in the RNS sphere, and you have always done some things in the local arena, when you then realize there's sort of an overlap, we ended up spending money on LNS, or even if it's something else that ISO-New England doesn't know about? I'm just trying to get a sense of, can you end up spending more than what you're supposed to, end of the day?

A (Burnham) Let me kind of answer in two parts.

Q Okay.

A (Burnham) First, when we are talking about LNS costs, for the most part, the classification of the cost, is it a regional cost or a local cost, is actually associated with the classification and the electrical nature of the facility where the cost is incurred.

Q Yes.

A (Burnham) So, PTF, Pooled Transmission Facilities, are generally networked, high-voltage transmission facilities, usually 100 kV or greater. Non-PTF transmission facilities are usually radial facilities. So, from that, you actually get whether the cost is going to be a regional cost or a local cost. So, that was the first part, just to make sure I have the background to help there.

And it is possible for ISO-New England to identify a need for an upgrade that ends up resulting in the conversion of a local transmission facility into a regional transmission facility. It's rare. I'm aware of one case where that has actually happened. And what we do, in a case like that, is the existing costs, I believe it's essentially the net book value effectively of the local transmission facility gets moved to regional rates. So, once it's converted to a pooled transmission facility, its costs are moved into the regional rate and recovered regionally going forward.

I don't think there would be a case where, because the facilities are different, we're talking about network facilities versus radial facilities, I don't think there would be a case where a local investment that we had made would necessarily be made, like, duplicative by an ISO-New England project. And there are, when we do local projects, ISO-New England is aware of them. They're actually subject, I didn't talk about it earlier, because I was focused on the cost review, but there's also a technical review process for those projects. Part of that includes making ISO-New England aware, and incorporating those projects into ISO-New

England's power system models. So, they would be aware of any local facilities or local upgrades that have been done as they were looking at regional projects.

CMSR. CHATTOPADHYAY: Thank you. Commissioner Simpson, you have anything else?

[Cmsr. Simpson indicating in the negative.]

CMSR. CHATTOPADHYAY: No. So, let's go to the redirect.

MS. CHIAVARA: Thank you very much. And I really only have one thing.

I think it's been an excellent and productive conversation surrounding the types of projects and the processes surrounding the projects that are included, both in the questions from the DOE and from the Commissioners today.

REDIRECT EXAMINATION

BY MS. CHIAVARA:

Q But I just wanted to perhaps refocus a little bit, and ask the panel that are the types of projects and the processes, are these necessary to reach a determination as to whether the Company had calculated the TCAM and PSNH's share of the transmission revenue requirement correctly, so that the Commission can reach a decision as to whether to approve the proposed TCAM rate?

A (Paruta) No. The calculation is unaffected.

MS. CHIAVARA: Okay. Thank you. That's all I have.

CMSR. CHATTOPADHYAY: Thank you. Is there anything else, before we go to the closing statements?

[No verbal response.]

CMSR. CHATTOPADHYAY: No? Okay.

[Cmsr. Chattopadhyay and Cmsr. Simpson conferring.]

MS. LYNCH: The DOE just had one follow-up question. We thought we misheard something. So, we just wanted to touch on it.

RECROSS-EXAMINATION

BY MS. LYNCH:

Q For the PAC, who are the interested parties? I believe it was mentioned that the "PUC is". And I just wanted to see if I clarify that with the panel?

A (Mathews) I think I'm mostly the one that used the term "interested party". And I was indicating that the PUC and the OCA were interested parties under the transmission formula rate protocols, which is a separate process from the PAC.

MS. LYNCH: Okay. Thank you. That was helpful.

CMSR. CHATTOPADHYAY: Attorney Chiavara, do you have anything to add, because I allowed them to proceed?

MS. CHIAVARA: No. That's just fine. Thank you.

CMSR. CHATTOPADHYAY: Thank you.

MS. CHIAVARA: Commissioner Chattopadhyay, I do have one question regarding the record request. I want to make sure that I have it right. I'm looking at last year's docket. And we just have the one exhibit. I don't have a second exhibit for a record request from last year.

So, the request was an update from last -- from something that Eversource provided last year, to include the year 2022. I'm just wondering what that -- it was a forecast of some kind?

CMSR. CHATTOPADHYAY: Yes. Again, let's do this. We will go back and send the written record request.

MS. CHIAVARA: Okay.

CMSR. CHATTOPADHYAY: So, we don't have to rely on the previous record request in another docket. We will ensure that we write it in that way. So, you won't have to, you know, probe further. We will have the question exactly the way we want it.

MS. CHIAVARA: Okay. Thank you.

CMSR. CHATTOPADHYAY: Okay. So, I'm going to go to closing statements. But I am going to release the witnesses. Thank you. You're all set. You can go whether you want to, or stay there, because it's cozy.

So, let's go to Attorney Crouse.

MR. CROUSE: Thank you. Hoping my closing statement is cozy as well.

The Office of the Consumer Advocate does not have any objections to what Eversource has requested for.

In regards to the lead/lag methodology

that the Commission has asked us to address, my understanding is that the lead/lag study methodology has substantially remained the same as presented in Docket DE 20-085, 21-109, 22-034.

As you might know, the Office of the Consumer Advocate has a new Director of Economics and Finance, who would be happy to help me better understand that analysis, and would be happy to contribute, if that was the direction of all parties.

CMSR. CHATTOPADHYAY: Thank you. Let's go to DOE.

MS. LYNCH: The Department of Energy has reviewed the filing today, had a technical session with the Company, and also a follow-up round of questions. The Department has no concerns with this filing, and recommends approval of the rate requested.

The Department thanks the Company for being here today, and for answering its questions.

CMSR. CHATTOPADHYAY: Thank you.

MS. LYNCH: Oh. And, just to follow, I'm sorry. And we are also happy to meet with the Company to discuss the lead/lag study.

CMSR. CHATTOPADHYAY: Thank you. Let's go to the Company.

MS. CHIAVARA: Thank you.

So, the Company's ask today of the Commission is a very straightforward one, which is to determine if PSNH has correctly allocated its share of transmission costs to its various distribution customers. The Company supports the proposed TCAM rates and the methods which they were calculated with as both accurate and consistent with the relative **[**relevant**?]** authorities and entities that govern such calculations, beginning with Commission Order 24,750, approving the settlement agreement in Docket 06-028, which established the TCAM, and the allocation methodology for distributing the costs generated from relevant FERC tariffs that dictate which costs are billed to Eversource from ISO-New England.

PSNH recommends the approval of these rates for implementation on October 1st, as doing so will result in just and reasonable rates.

And, then, regarding the possibility of

a new lead/lag study, historically, it looks like the Commission has directed the Company to conduct an in-depth study about every ten years or so. That would certainly work in this case. If there was a desire to accelerate that schedule, I don't see a major problem in that. But we're about seven years in the ten years. And, so, ten years would be fine, earlier would be fine as well.

CMSR. SIMPSON: Appreciate everyone addressing my question. I would leave it to the parties at that point. Thank you.

CMSR. CHATTOPADHYAY: Thank you. So, I'm assuming there are no objections to striking identification to the Exhibits 1 and 2. And we'll keep the record open for Exhibit 3. That's good for everyone?

[Multiple parties indicating in the affirmative.]

CMSR. CHATTOPADHYAY: Okay. So, I will state it again. We will strike identification and enter Exhibits 1 and 2 as full exhibits. And we will keep the record open for Exhibit 3.

Is there anything else that needs to be

covered?

[No verbal response.]

CMSR. CHATTOPADHYAY: Okay. Thank you, everyone. We are adjourned.

(Whereupon the hearing was adjourned at 10:36 a.m.)