

STATE OF NEW HAMPSHIRE**BEFORE THE PUBLIC UTILITIES COMMISSION****DIRECT TESTIMONY OF MARISA B. PARUTA AND SCOTT R. ANDERSON****PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE****d/b/a EVERSOURCE ENERGY****POLE PURCHASE ADJUSTMENT MECHANISM (PPAM) RATE****OCTOBER 1, 2023 THROUGH SEPTEMBER 30, 2024****August 2, 2023****Docket No. DE 23-0xx**

I. INTRODUCTION**Q. Ms. Paruta, please state your name, business address and position.**

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

Q. Ms. Paruta, please provide your educational and professional background.

A. I received a Bachelor of Science degree in accounting from the University of Connecticut School of Business. I started my career at Arthur Andersen in the client audit and assurance practice, continuing at Deloitte in the same practice. I joined Northeast Utilities, Eversource Energy’s predecessor, in 2002. I worked in the accounting organization in multiple positions leading to the Director of Corporate Accounting and Financial Reporting

1 in 2015. I moved to the Regulatory and Revenue Requirements team in my current position
2 in June 2021. I have been with Eversource Energy for over 20 years.

3 **Q. Ms. Paruta, what are your responsibilities in your current position?**

4 A. I am currently responsible for the coordination and implementation of revenue
5 requirements calculations and regulatory filings for the New Hampshire and Connecticut
6 electric and natural gas subsidiaries of Eversource Energy, as well as the filings associated
7 with PSNH's default Energy Service ("ES"), Stranded Cost Recovery Charge ("SCRC"),
8 Transmission Cost Adjustment Mechanism ("TCAM"), System Benefits Charge ("SBC"),
9 Regulatory Reconciliation Adjustment ("RRA") mechanism and Base Distribution Rates.

10 **Q. Ms. Paruta, have you previously testified before the New Hampshire Public Utilities**
11 **Commission (the "Commission")?**

12 A. Yes, I provided testimony before the Commission in support of the Company's RRA filings
13 submitted in Docket Nos. DE 21-029, DE 22-010 and DE 23-021; Step 3 Adjustment filing
14 in Docket No. DE 22-030; TCAM Rate filing in Docket No. DE 22-034; Recovery of Storm
15 Expense filings in Docket Nos. DE 22-031 and DE 23-051; Energy Service rate filings in
16 Docket Nos. DE 22-021 and DE 23-043; and SCRC rate filings in Docket No. DE 22-039.
17 I also testified in front of the Commission in Docket Nos. DE 20-092 (2021-2023 Energy
18 Efficiency Plan), DE 23-068 (2024-2026 Energy Efficiency Plan) and Docket No. DE 21-
19 078 pertaining to the EV Make Ready/Demand Charge Alternatives.

1 **Q. Mr. Anderson, please state your name, business address and position.**

2 A. My name is Scott R. Anderson. I am employed by Eversource Energy Service Company
3 as the Manager of Rates in New Hampshire. In this position, I provide support to the
4 Company. My business address is 780 North Commercial Street, Manchester, New
5 Hampshire.

6 **Q. Mr. Anderson, what are your responsibilities in your current position?**

7 A. As the Manager of Rates, I am responsible for activities related to rate design, cost of
8 service and rates administration for the Company.

9 **Q. Mr. Anderson, please provide your educational and professional background.**

10 A. I received a Bachelor of Arts degree in mathematics from Hartwick College in 1986. In
11 September 1986, I began my utility career in Rates and Regulatory Affairs for Central
12 Vermont Public Service Corporation (“CVPS”) and rose to the position of Manager of
13 Rates. In 2012, CVPS merged with Green Mountain Power Corporation (“GMP”) and I
14 continued as Manager of Rates. In December 2022, I retired from GMP and assumed my
15 current position with Eversource.

16 **Q. Mr. Anderson, have you previously testified before the Commission or other**
17 **regulatory bodies?**

18 A. I have testified many times before the Vermont Public Utility Commission. In addition,
19 while at CVPS, I testified before the Commission on behalf of Connecticut Valley Electric
20 Company, a New Hampshire subsidiary utility of CVPS, several times prior to the sale of

1 that utility to PSNH in 2004. Most recently, I have provided testimony in Docket No. DE
2 23-021 (Regulatory Reconciliation Adjustment Mechanism) and Docket No. DE 23-043
3 (2023 Energy Service).

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

5 A. The purpose of our joint testimony is to explain the various cost components included in
6 the Company's first pole plant adjustment mechanism ("PPAM") filing. On November 18,
7 2022, the Commission issued Order No. 26,729 in Docket No. DE 21-020 authorizing the
8 Company to purchase certain pole assets from Consolidated Communications of Northern
9 New England, LLC d/b/a Consolidated Communications ("Consolidated" or "CCI") (the
10 "Order"). The Order also authorized the Company to recover certain costs related to the
11 transaction through the PPAM; specifically, the Order authorized the Company to recover
12 costs and expenses associated with operation and maintenance ("O&M") of the transferred
13 poles, pole replacement and inspection costs, and vegetation management expenses. These
14 costs are partially offset by the incremental pole attachment revenues Eversource receives
15 as a result of becoming the sole owner of the transferred poles. On May 1, 2023, the
16 transaction with Consolidated was finalized and on May 12, 2023, the Company submitted
17 a compliance tariff to implement the PPAM.
18 Our testimony also provides cost allocation, rate design and bill impacts, and an
19 explanation of how the PPAM will be billed to the Company's customers.

20

1 **II. OVERVIEW**

2 **Q. Ms. Paruta, what portions of the testimony are you responsible for?**

3 A. The Company will explain the various cost components included in its first annual PPAM
4 filing. As discussed above, the Commission's Order approved recovery of certain costs
5 associated with the transaction between Eversource and Consolidated through the PPAM:

6 We find that it is in the public interest for Eversource to recover
7 incrementally higher vegetation management, pole replacement,
8 and inspection costs incurred on and after February 10, 2021
9 through the PPAM if Eversource consummates the Purchase
10 Agreement....We also give weight to the fact that the expenses that
11 are proposed to be included in the PPAM are actual expenses
12 Eversource has incurred or will incur in its normal pole maintenance
13 operations, will be subject to prudence reviews by the Commission,
14 and will be netted against any and all incrementally higher pole
15 attachment revenues.....the Commission accepts the PPAM as
16 proposed by Eversource, and allows the PPAM to operate until the
17 resolution of Eversource's next full rate case.¹
18

19 The revenue requirement for the first PPAM is set forth in Attachment MBP/SRA-2. The
20 PPAM cost component included in this filing for Commission approval is vegetation
21 management expenses for the period from February 10, 2021 through December 31,
22 2022.

23 **Q. Mr. Anderson, what portion of the testimony are you responsible for?**

24 A. The Company has prepared bill impacts and tariff changes reflecting the proposed PPAM
25 revenue requirement and rate presented here. The bill impacts and tariff changes
26

¹ Order at 17-18.

1 encompassing all rate changes are provided in Attachments MBP/SRA-3 and MBP/SRA-

2 4. I will provide an overview for how the PPAM rate will be billed to customers.

3 **Q. Has the proposed PPAM rate been calculated consistent with the PPAM Tariff and**
4 **Commission Order No. 26,729 approved in Docket No. DE 21-020?**

5 A. Yes, the proposed PPAM rate has been prepared consistent with the terms of the PPAM
6 tariff² and Order No. 26,729.

7 **III. PPAM ATTACHMENTS**

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

9 A. Eversource's calculation of the proposed overall average PPAM rate for effect on October
10 1, 2023 is 0.190 cents per kilowatt-hour (kWh), which represents an overall average
11 increase to current rates of 0.6%. As described in more detail in the testimony below, the
12 proposed overall average PPAM rate increase is driven by this being the first PPAM rate
13 filing under the terms of the PPAM tariff and Order No. 26,729, to recover or refund the
14 reconciled costs noted above.

15 **Q. Please describe the components of the PPAM and their application to this rate**
16 **request.**

17 A. The PPAM allows for the recovery or refund of certain costs resulting from the transaction
18 with Consolidated. Due to the timing of the transaction, the Company is seeking recovery
19 only for vegetation management costs billed to Consolidated for the period from February
20 10, 2021 through December 31, 2022. This time period was prior to the consummation of

² The Company notes that the Commission's tariff administrator has not issued a letter of compliance as of the filing of this petition.

the Purchase Agreement and therefore no other categories of costs were incurred and no incremental pole attachment revenues were collected. PPAM costs calculated and proposed for recovery in this proceeding include the following:

1. **Attachment MBP/SRA-1** is a two-page summary that identifies the recovery of the Vegetation Management Expense component included in the PPAM mechanism as described in the table below:

Page Number	Description
1	Overall PPAM revenue requirement and proposed average rate
2	Estimated reconciliation of the overall PPAM mechanism for the forecast twelve-month period October 1, 2023 to September 30, 2024

2. **Attachment MBP/SRA-2** is a two-page summary that identifies the Vegetation Management Program (“VMP”) costs formerly billed to CCI³ and proposed to be recovered through the PPAM mechanism as described in the table below:

Page Number	Description
1	VMP costs formerly billed to CCI for (i) calendar year 2022, and (ii) total combined 2021 and 2022.
2	VMP cost formerly billed to CCI for the period from February 10, 2021 to December 31, 2021.

3. **Attachment MBP/SRA-3** is an eight-page exhibit that shows the calculation of the PPAM rates by rate class. This exhibit also provides the bill impacts for some

³ The Company also recovers vegetation management costs through its regulatory reconciliation adjustment (RRA) mechanism rate. The Company’s RRA filings in 2021, 2022, and 2023 sought recovery of vegetation management costs incurred less vegetation management costs billed to CCI.

typical-sized Rate R residential customers and other class impacts due to the proposed PPAM rate.

4. **Attachment MBP/SRA-4** is a 46-page exhibit that reflects the tariff changes due to the proposed PPAM rate adjustment.

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

A. Attachments MBP/SRA-1 to MBP/SRA-2 provide calculations of the total VMP cost components within the PPAM rate mechanism and a forecast of the monthly recovery mechanism for the period from October 1, 2023 through September 30, 2024. The PPAM rate is an average rate based on the total recoveries of the PPAM cost components for the period from February 10, 2021 through December 31, 2022 in accordance with the Purchase Agreement and PPAM tariff approved by the Commission in Order No. 26,729 as noted above. The table below provides the PPAM Rate in cents per kWh. The average PPAM rate is not directly used for customer billing. Each rate class has individual PPAM rates discussed below.

Description	Prior PPAM Rate (cents per kWh)	DE 23-0xx Proposed PPAM Rate (cents per kWh)	PPAM Rate Change (cents per kWh)
Total Average PPAM Rate	N/A	0.190	0.190

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

1 A. No. In compliance with the PPAM tariff as approved in Order No. 26,729, ADIT is not
2 included in the carrying charge calculation of PPAM over or under recovery.

3 **Q. How has the Company allocated the total average PPAM rate to each rate class?**

4 A. The Company has allocated the total average PPAM rate to each rate class using the same
5 allocation methodology used to allocate prior step rate adjustments and the Regulatory
6 Reconciliation Adjustment Mechanism. That is, the Company calculated an equal
7 percentage increase to each rate class and set rates using the target revenue increase for
8 each rate class. Attachment MBP/SRA-3, page 3 provides the revenue allocation to each
9 rate class, which is based on current Distribution Revenue, and page 4 calculates the kWh
10 or kW rates for each rate class⁴. The proposed rates are summarized on page 1 of
11 Attachment MBP/SRA-3.

12 **Q. Has the Company included rate exhibits and calculations of the customer bill**
13 **impacts for the proposed October 1, 2023 PPAM rate change?**

14 A. Yes, this detail is provided in Attachment MBP/SRA-3.

- 15 • Page 5 provides a comparison of current residential rates effective August 1, 2023,
16 as compared to proposed rates effective October 1, 2023, for a 550 kWh monthly
17 bill, a 600 kWh monthly bill, and a 650 kWh monthly bill.

⁴ Note that new Primary General Delivery Service Rate EV-2 rates are a function of Primary General Delivery Service Rate GV. The Company used the same conversion method for the Rate EV-2 PPAM rate that was approved for converting Rate GV Base Distribution rates and the Regulatory Reconciliation Adjustment Mechanism rate to EV-2 rates.

- 1 • Page 6 provides a comparison of residential rates effective October 1, 2022, as
- 2 compared to proposed rates effective October 1, 2023, for a 550 kWh monthly bill,
- 3 a 600 kWh monthly bill, and a 650 kWh monthly bill.
- 4 • Page 7 provides the average impact of each change on bills for all rate classes by
- 5 rate component on a total bill basis, excluding energy service.
- 6 • Page 8 provides the average impact of each change on bills for all rate classes by
- 7 rate component on a total bill basis, including energy service.

8 The rate impacts provided in Attachment MBP/SRA-3 incorporate the most current rate
9 changes reflecting the (i) Step 3 Adjustment revenue requirement approved in Order No.
10 26,709 in Docket No. DE 22-030 to be recovered over a 12-month period effective August
11 1, 2023; (ii) Energy Service rates reflecting rate changes approved in Order No. 26,851 in
12 Docket No. DE 23-043 effective August 1, 2023; (iii) the Stranded Cost Recovery Charge
13 rate reflecting rate changes approved in Order No. 26,768 in Docket No. DE 22-039
14 effective February 1, 2023; (iv) the Transmission Cost Adjustment Mechanism (TCAM)
15 rate reflecting rate changes approved in Order No. 26,651 in Docket No. DE 22-034
16 effective August 1, 2022; (v) the System Benefits Charge rate reflecting rate changes
17 approved in Order No. 26,745 in Docket No. DE 22-081 and in effect as of January 1,
18 2023; and (vi) the RRA rate change(s) approved in Order No. 26,863 in Docket No. DE
19 23-021 effective August 1, 2023.

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

1 A. Yes. Updated tariff pages are provided in Attachment MBP/SRA-4. The Company
2 requests approval of the PPAM rates shown on those tariff pages.

3 **Q. Will the PPAM appear as a separate line item on customers' bills?**

4 A. With limited exceptions, yes. Currently, the Company has two billing platforms: C2 and
5 Large Power Billing ("LPB"). Nearly all of the Company's customers, including all of its
6 residential customers, are billed using the newer C2 platform. Certain large and streetlight
7 customers are billed using the older LPB platform; these customers comprise less than 1%
8 of the Company's customer base.

9 For the Company's customers billed using the C2 platform, the PPAM will appear as a
10 separate line item. For the Company's customers billed using the older LPB platform, the
11 PPAM charge will be combined with the RRA charge and presented as one single line item
12 on customers' bills. The line item on the bill will clearly identify the charge as
13 "REGULATORY RECONCILIATION ADJ. AND POLE PLANT ADJ. CHARGES".
14 For Outdoor lighting billing, the line item will identify the charge as "REGULATORY
15 RECONCILIATION ADJ. AND POLE PLANT ADJ. OUTDOOR LIGHTING
16 CHARGES."

17 In addition, to ensure transparency for all customers, the Company proposes the use of a
18 bill message for those customers billed using the LPB system, advising that the combined
19 charge on their bills now includes both the RRA charge and the PPAM charge. The bill
20 message area has sufficient character space to accommodate a description of both

1 components. The bill message could also direct customers to the Company's website for
2 additional information on the PPAM charge.

3
4 Despite the need to combine the charges for presentation purposes on the LPB customer
5 bills, all RRA and PPAM charges will be individually allocated and accounted for entirely
6 separate from each other. The PPAM rate will continue to be accounted for separately,
7 with the annual rate reconciliation and revenue requirement calculation performed separate
8 and distinct from the RRA rate reconciliation and revenue requirement mechanism for all
9 customers.

10 **Q. Did the Company consider ways to display a separate PPAM line item on bills for all**
11 **customers?**

12 A. Yes. The Company assessed the necessary changes to the LPB system to accommodate a
13 new charge and associated line item. However, due to the technology and requirements
14 needed to make changes to the LPB system, the costs associated with such changes far
15 outweighed the benefits to the impacted customers. The estimated costs associated with
16 upgrading the LPB system to accommodate the PPAM rate as a separate bill line item were
17 estimated to be between \$1.1 million and \$1.3 million and would require six months to
18 complete the work. This would delay implementation of the PPAM rate until at least April
19 2024, resulting in a less gradual collection of the costs authorized for recovery under the
20 PPAM assuming that the second PPAM filing is submitted for rates effective October 1,
21 2024. Further, the PPAM is expected to be a temporary rate mechanism with recovery of
22 these costs eventually recovered through distribution rates. Upgrades to the LPB system

1 to accommodate this temporary rate were not determined to be beneficial in light of the
2 costs.

3 **IV. CONCLUSION**

4 **Q. Does Eversource require Commission approval of the PPAM rates billed to customers**
5 **by a specific date?**

6 A. Yes, Eversource requires final approval of the PPAM rates by September 22, 2023, to
7 implement the new rates for service rendered on and after October 1, 2023.

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

9 A. Yes, it does.