

**STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

Docket No. DE 23-075

**Public Service Company of New Hampshire d/b/a Eversource Energy
Petition for Approval of Pole Plant Adjustment Mechanism Rates**

Technical Statement of Elizabeth R. Nixon and Stephen R. Eckberg
NH Department of Energy, Division of Regulatory Support

September 7, 2023

Summary

The New Hampshire Department of Energy (“DOE” or “Department”) has reviewed materials filed in this matter by Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or “the Company”) with the New Hampshire Public Utilities Commission (“Commission”), which include the Company’s Petition and the Joint Testimony of Marisa B. Paruta and Scott R. Anderson with accompanying Attachments. These materials comprise the Company’s request and support for an adjustment to its Pole Plant Adjustment Mechanism (“PPAM”) rate for the period October 1, 2023, through September 30, 2024 (“2023 PPAM filing”). The DOE also reviewed materials related to the Company’s Vegetation Management Program’s (“VMP”) planned and actual expenses as reported in DE 23-021 (Eversource’s 2023 Regulatory Reconciliation Adjustment), DE 22-010 (Eversource’s 2022 Regulatory Reconciliation Adjustment), and Order No. 26,729 in DE 21-020 (Eversource and Consolidated Communications Joint Petition to Approve Pole Asset Transfer) authorizing the transfer of utility poles and related assets and creation of the PPAM rate mechanism.

As described below, the preliminary (pre-hearing) opinion of the DOE is that the Company’s filing meets the requirements identified in Order No. 26,729 and the compliance tariff pertaining to the PPAM approved by the Commission on August 8, 2023, in DE 21-020. The Company’s filing addresses only the limited set of identified cost elements approved for inclusion in the PPAM, and it appears to the DOE that the testimony and schedules included in the filing, in conjunction with additional information provided during a Technical Session, accurately and adequately support the Company’s PPAM rate request. The DOE’s preliminary (pre-hearing) recommendation is that the Commission make the necessary findings and approve the Company’s PPAM rate request.

Background

The 2023 PPAM filing contains costs related to only one of four (4) specific cost elements that the Company is allowed to recover through the PPAM, as described in Order No. 26,729 and in the PPAM tariff approved on August 8, 2023. The four (4) allowed cost elements include:

- a) Pole Replacement O&M Transfer Costs: The actual costs associated with replacement poles for the prior calendar year based on the actual number of poles replaced and the actual Eversource cost to transfer the conductor from the old to the new poles.

- b) Annual Inspection Costs: The actual inspection costs and other upfront costs for the prior calendar year consisting of the number of poles inspected in the former Consolidated maintenance area and the per pole rate in effect. Upfront costs of \$250,000 in years 1 and 2 and \$75,000 in year 3 will also be included.
- c) Pole Attachment Revenue: Incremental third-party pole attachment revenues will be applied as an offset to the items in a) and b). Pole attachment revenues for formerly Consolidated owned poles will be tracked separately and billed at the Consolidated rate at the time of closing until a full pole attachment survey is conducted and, or a single, unified rate is applied to all poles.
- d) Vegetation Management Expense: The incremental vegetation management expense will be calculated as the vegetation management expenses formerly billed to Consolidated.

Order No. 26,729 in which the Commission approved the Pole Asset Transfer and established the PPAM states, “Unless otherwise stated, the Commission accepts the PPAM as proposed by Eversource, and allows the PPAM to operate until the resolution of Eversource’s next full rate case.” See Order at page 18. The current 2023 PPAM filing contains *only* expenses related to item d) above, as the pole ownership transaction between Eversource and Consolidated closed on May 1, 2023,¹ and these Vegetation Management Expenses were the only expenses which occurred in the “prior year” and are thus eligible to be included in this year’s PPAM. In the 2024 PPAM filing, it is anticipated that expense and revenue amounts from the categories a) through c) above will also be included in the Company’s PPAM rate filing.

DOE’s Analysis and Recommendation

The DOE has reviewed the materials provided in the Company’s filing pertaining to the sole PPAM expense element included in the current filing – certain VMP expenses. The DOE discussed details of the records related to VMP with the Company during a virtual Technical Session held September 6, 2023. A synopsis of the DOE’s review is provided below.

To ensure appropriate collection of VMP expenses via the multiple authorized rate mechanisms (i.e., base distribution rates, Regulatory Reconciliation Adjustment (“RRA”), and the PPAM), which include such expenses, the DOE reviewed multiple sources of information to be assured that no over-collection of the total VMP expenses existed. The approved Settlement Agreement in DE 19-057, which established the Company’s RRA, specifies that \$27.1 million is included in base distribution rates for the Company’s Vegetation Management Program which includes the program components: Scheduled Maintenance Trimming (“SMT”); Hazard Tree Removal (“HTR”); Right-of-Way trimming (“ROW”); and Enhanced Tree Trimming (“ETT”). In the current PPAM docket, certain SMT and HTR program costs of the VMP which were previously billed to Consolidated are included. These VMP costs had previously been billed to Consolidated under the terms of the Joint Maintenance Agreement for jointly owned poles but were not paid by Consolidated pending the results of the Pole Asset Transfer docket. Similar VMP cost-sharing arrangements also apply to other, non-Consolidated, jointly owned poles in Eversource’s franchise territory.

¹ See Joint Notice of Transaction Closing, dated May 1, 2023, at Tab 114 in the Commission’s Virtual File Room at [DE 21-020](#)

The DOE reviewed actual total VMP costs for 2021 and 2022, portions of which are included here in the PPAM, and are provided in schedules included in the Company's RRA docket filings. In DE 22-010, Attachment MBP/EAD-3 page 4 of 4 shows calendar year 2021 SMT costs totaling \$20,514,082 and HTR costs totaling \$10,686,632. That schedule is attached to this statement. See Attachment 1. In DE 23-021, Attachment MBP/SMT-3 page 5 of 5 shows calendar year 2022 SMT costs totaling \$18,023,748 and HTR costs totaling \$11,197,958. That schedule is also included as an attachment to this recommendation. See Attachment 2.

These attached schedules also provide "Reimbursable VMP Costs," which the Department understands to be the amounts that the Company would bill to joint pole owners, the majority of which would be billed to Consolidated, as Consolidated was previously the most significant joint pole owner. The schedules from the RRA filings show these amounts to be \$8,291,887 for 2021 and \$8,116,914 for 2022, which should include the VMP amounts owed by Consolidated for those years. The VMP amounts owed by Consolidated for SMT and HTR from February 10, 2021, through December 30, 2022, are included in this PPAM filing for calendar years 2021 and 2022 and are \$6,534,000 and \$7,899,000, respectively. These amounts are less than the total "Reimbursable VMP Costs" shown in the RRA schedules. This provides support that the VMP amounts proposed for inclusion in the PPAM are appropriate since the total amounts that would have been collected from Consolidated are less than the total reimbursable amounts.

The DOE reviewed supporting documentation provided by the Company in discovery for the total VMP amounts included in the PPAM. Based on this documentation, the DOE is satisfied that the VMP amounts in the proposed PPAM accurately reflect the amounts that would have been collected from Consolidated, and when totaled for each year, represent amounts less than the total "Reimbursable VMP Costs," a portion of which were billed to joint pole owners other than Consolidated.

Conclusion

The DOE has reviewed and investigated the material filed by the Company for the cost elements included, as authorized, in the PPAM. The DOE's preliminary (pre-hearing) position is to support the Company's filing and proposed PPAM rate and to provide preliminary support for the Company's calculation of VMP costs which were formerly billed to Consolidated and are now included in the PPAM, as presented. The DOE anticipates it will present its final position at hearing pending any additional information which may come to light through the Department's and Commission's cross examination of Company witnesses.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY
AUGUST 1, 2022 REGULATORY RECONCILIATION ADJUSTMENT (RRA) RATE SETTING
VEGETATION MANAGEMENT PROGRAM (VMP) COST
CALENDAR YEAR 2021

Line	Work Order	Program Description	Reference	Actual Jan-21	Actual Feb-21	Actual Mar-21	Actual Apr-21	Actual May-21	Actual Jun-21	Actual Jul-21	Actual Aug-21	Actual Sep-21	Actual Oct-21	Actual Nov-21	Actual Dec-21	Total
1	CUSTR006	Customer Request	Company Records	\$ -	\$ -	\$ 9,276	\$ 6,870	\$ 31,127	\$ 12,419	\$ (7,564)	\$ 30,776	\$ 7,396	\$ 23,539	\$ (16,022)	\$ 39,146	\$ 136,963
2	ETRE0006	Scheduled Maintenance Trimming (SMT)	Company Records	1,374,235	1,114,195	362,335	1,232,538	1,420,783	1,009,411	2,312,831	1,418,983	1,329,125	1,145,734	800,427	1,981,961	15,502,557
3	HSPOT006	Hot Spot Trimming	Company Records	-	-	-	-	-	4,086	234	27,692	10,541	14,293	(25,743)	349	31,451
4	MCYCL006	Midcycle Trimming	Company Records	-	-	-	5,608	8,001	1,358	1	2,863	2,052	2,585	0	-	22,467
5	MSFK0006	Make Safe	Company Records	-	-	-	-	-	-	-	-	-	-	-	-	-
6	ROMOW006	ROW Mowing	Company Records	-	-	107,844	278,690	47,797	30,261	195,981	113,019	115,600	6,673	77,627	221,188	1,194,680
7	STRIM006	ROW Side Trimming	Company Records	-	-	141,525	110,119	293,467	65,689	215,315	143,411	382,506	126,845	290,542	314,764	2,084,183
8	TMNT0006	ETT MAINTENANCE Tree Trimming	Company Records	51,623	22,879	824,072	(163,783)	106,047	10,296	49,103	153,728	50,679	176,294	273,522	(12,680)	1,541,781
9		Subtotal: SMT	Sum of Lines 1 to 8	\$ 1,425,858	\$ 1,137,074	\$ 1,445,051	\$ 1,470,042	\$ 1,907,222	\$ 1,133,520	\$ 2,765,901	\$ 1,890,472	\$ 1,897,898	\$ 1,495,963	\$ 1,400,353	\$ 2,544,727	\$ 20,514,082
10	NHETOM06	Enhanced Tree Trimming (ETT)	Company Records	\$ 331,518	\$ 78,146	\$ (218,614)	\$ 128,236	\$ 424,203	\$ 245,593	\$ (46,835)	\$ 117,960	\$ 80,000	\$ 117,757	\$ 204,608	\$ (172,399)	\$ 1,290,173
11	NHRMV006	Hazard Tree Removal	Company Records	(573,834)	3,182,554	377,318	1,131,835	329,085	808,759	1,233,689	1,080,448	494,430	1,180,961	772,420	668,965	10,686,632
12	NHROW006	Full Width ROW Clearing	Company Records	1,844,220	(1,528,891)	(74,718)	292,920	222,998	189,046	64,454	426,883	(47,604)	281,300	320,201	107,156	2,097,963
13		Subtotal: REP	Sum of Lines 10 to 12	\$ 1,601,904	\$ 1,731,810	\$ 83,986	\$ 1,552,991	\$ 976,286	\$ 1,243,397	\$ 1,251,308	\$ 1,625,291	\$ 526,825	\$ 1,580,019	\$ 1,297,228	\$ 603,722	\$ 14,074,768
14		Total Actual VMP Costs	Line 9 + Line 13	\$ 3,027,763	\$ 2,868,884	\$ 1,529,038	\$ 3,023,033	\$ 2,883,508	\$ 2,376,918	\$ 4,017,209	\$ 3,515,763	\$ 2,424,724	\$ 3,075,982	\$ 2,697,581	\$ 3,148,449	\$ 34,588,850
15		Less: Reimbursable VMP Costs	Company Records	885,893	540,935	379,325	3,429,094	(1,070,465)	(339,225)	1,204,932	509,481	777,354	706,146	779,445	488,972	8,291,887
16		Actual VMP Costs, Net	Line 14 - Line 15	\$ 2,141,870	\$ 2,327,949	\$ 1,149,713	\$ (406,061)	\$ 3,953,973	\$ 2,716,143	\$ 2,812,277	\$ 3,006,282	\$ 1,647,370	\$ 2,369,836	\$ 1,918,136	\$ 2,659,477	\$ 26,296,963
17		VMP Cost Recovery in Base Distribution Rates	(A)	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	27,100,000
18		Total Recoverable/(Refundable) VMP Costs	Line 16 - Line 17	\$ (116,464)	\$ 69,616	\$ (1,108,621)	\$ (2,664,395)	\$ 1,695,640	\$ 457,809	\$ 553,944	\$ 747,948	\$ (610,964)	\$ 111,502	\$ (340,197)	\$ 401,144	\$ (803,037)

Source: March 1, 2022 filing, Docket No. DE 22-010, Attachment RDA/JJH/RDJ-1, Page 5 of 19 (Bates Page 29)

(A) DE 19-057 Settlement Agreement language approved on December 15, 2020 per Order No. 26,433 is as follows:

SECTION 6. VEGETATION MANAGEMENT PROGRAM (VMP)

6.1 The Company shall be allowed to include \$27.1 million annually in rates for vegetation management. Of this amount, \$11.6 million annually is associated with enhanced tree trimming ("ETT") and hazard tree removal; \$14.0 million annually is associated with scheduled maintenance trimming ("SMT"); and \$1.5 million annually is associated with full-width right-of-way ("ROW") clearing.

6.2 The following terms apply to annual reconciliation of vegetation management program costs:

(a) The Company may request recovery of its actual annual vegetation management expenses up to 10 percent over, or any amount under, the total amount allowed in base rates (\$27.1 million), credited to or recovered through the annual Regulatory Reconciliation Adjustment Mechanism as further described in Section 9 below.

(b) The Company shall submit a detailed vegetation management plan on or by November 15th each year starting in November 2020 for the following calendar year's vegetation work. The Company shall provide a summary of budgeted costs by program (i.e. ETT/Hazard Tree Removal, SMT and Full-Width ROW Clearing). Further details relating to the contents of the vegetation management plan are included as Appendix 3.

(c) The previous calendar year's actual vegetation activity shall be reconciled to the budget each year in an annual report submitted to the Commission by March 1. If the actual expense incurred in the prior calendar year is less than the amount in base rates (\$27.1 million) the Company may request either to carry that amount into the budget each year in an annual report submitted to the Commission by March 1. If the actual expense incurred in the prior calendar year is less than the amount in base rates (\$27.1 million) the Company may request either to carry that amount into the next program year as an offset to the current year's expenditures or to return the under-spent amount to customers as a credit to the Regulatory Reconciliation Adjustment, subject to Commission approval. If the actual expense incurred in the prior calendar year is greater than the amount in base rates, the Company shall be allowed to recover amounts up to 10 percent of the amount in base rates through the Regulatory Reconciliation Mechanism (\$27.1 million + \$27.1 million = \$29.81 million total), subject to Commission approval. Amounts greater than 10 percent over the amount in base rates shall not be recovered through the Regulatory Reconciliation Adjustment Mechanism or any other recovery mechanism.

(d) The first actual base rate reconciliation to be performed in the March 1, 2021 filing shall reconcile the costs from the period July 1, 2020 through December 31, 2020. The period January 1, 2020 through June 30, 2020 shall be reflected in the Company's recoupment adjustment.

6.3 The Company shall undertake a review of ETT and Hazard Tree Removal activities in an engineering review described in Section 11. The engineering review shall assess the benefits and costs of ETT and Hazard Tree Removal and make recommendations for targeted application of those programs and may result in adjustment to ETT/ Hazard Tree Removal budget after the review has been completed, as determined by the Commission pursuant to Section 11.5 of this Settlement.

SECTION 9.1 ANNUAL REGULATORY RECONCILIATION ADJUSTMENT MECHANISM (VMP)

(b) Vegetation management program variances as described in Section 6 above. The RRA shall include the calendar year over- or under-collection from the Company's Vegetation Management Program. The over- or under-collection shall be credited or charged to the RRA on August 1 of the following year. The Company may request transfer of unspent amounts to the subsequent year's Vegetation Management Program budgets. The amount in base rates shall be \$27.1 million for ETT, Hazard Tree Removal, ROW and SMT programs. **The amount to be recovered in the RRA shall be based on the overall vegetation management program variance for the prior calendar year, rather than variances for individual activities within the overall program.** The first RRA shall recover any over/under recoveries for the July 1, 2020 – December 31, 2020 vegetation management program associated with activities related to ETT, Hazard Tree Removal, and ROW clearing consistent with the expenditures noted in extension of the Temporary Rates Settlement Agreement as described in the Staff's March 24, 2020 letter in this docket. **The first full year of the \$27.1 million total vegetation management program reconciliation shall begin in the 2021 annual reconciliation.**

DE 23-075

Exh. 6

Docket No. DE 23-021
Dated: 05/01/2023
Attachment MBP/SRA-3
Page 5 of 5

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY
AUGUST 1, 2023 REGULATORY RECONCILIATION ADJUSTMENT (RRA) RATE SETTING
VEGETATION MANAGEMENT PROGRAM (VMP) COST
CALENDAR YEAR 2022**

Line	Work Order	Program Description	Reference	Actual Jan-22	Actual Feb-22	Actual Mar-22	Actual Apr-22	Actual May-22	Actual Jun-22	Actual Jul-22	Actual Aug-22	Actual Sep-22	Actual Oct-22	Actual Nov-22	Actual Dec-22	Total
1	CUSTR006	Customer Request	Company Records	\$ 5,841	\$ 2,454	\$ 9,501	\$ 19,552	\$ 3,171	\$ 18,035	\$ 25,381	\$ 13,295	\$ 30,105	\$ 42,626	\$ 18,422	\$ 33,538	\$ 221,923
2	ETRE0006	Scheduled Maintenance Trimming (SMT)	Company Records	774,865	1,155,941	793,635	1,529,500	1,013,807	2,083,472	1,491,118	1,329,138	1,136,105	1,000,740	1,724,144	923,588	14,956,053
3	HSPOT006	Hot Spot Trimming	Company Records	-	3,373	19,219	(1,829)	4,952	12,366	7,291	23,732	11,069	280	-	11,235	91,688
4	MCYCL006	Midcycle Trimming	Company Records	-	-	-	-	13,063	5,546	0	-	11,426	(0)	-	1,981	32,016
5	MSFK0006	Make Safe	Company Records	-	-	-	-	-	-	-	-	-	-	-	-	-
6	ROMOW006	ROW Mowing	Company Records	103,532	145,010	136,442	91,223	93,350	9,701	18,921	-	-	-	70,359	96,260	764,798
7	STRIM006	ROW Side Trimming	Company Records	106,130	90,530	83,649	13,116	18,107	15,815	-	-	-	-	-	-	327,347
8	TMNT0006	ETT MAINTENANCE Tree Trimming	Company Records	95,316	44,765	79,314	159,653	137,218	158,697	143,287	74,099	162,730	95,434	144,622	334,790	1,629,923
9		Subtotal: SMT	Sum of Lines 1 to 8	\$ 1,085,684	\$ 1,442,074	\$ 1,121,761	\$ 1,811,215	\$ 1,283,667	\$ 2,303,631	\$ 1,685,998	\$ 1,440,264	\$ 1,351,435	\$ 1,139,080	\$ 1,957,547	\$ 1,401,392	\$ 18,023,748
10	NHETOM06	Enhanced Tree Trimming (ETT)	Company Records	\$ -	\$ 455,356	\$ 127,934	\$ 96,266	\$ 793,527	\$ 42,636	\$ 374,562	\$ 71,404	\$ 20,656	\$ 423,772	\$ 0	\$ -	\$ 2,406,112
11	NHRMV006	Hazard Tree Removal	Company Records	1,011,293	1,380,932	1,187,510	1,499,855	1,325,783	618,976	706,408	476,219	513,994	1,305,821	672,375	498,792	11,197,958
12	NHROW006	Full Width ROW Clearing	Company Records	174,027	279,364	171,328	144,308	224,397	131,324	97,581	101,806	2,201	136,380	(0)	-	1,462,715
13		Subtotal: REP	Sum of Lines 10 to 12	\$ 1,185,320	\$ 2,115,652	\$ 1,486,771	\$ 1,740,429	\$ 2,343,707	\$ 792,936	\$ 1,178,551	\$ 649,429	\$ 536,851	\$ 1,865,972	\$ 672,375	\$ 498,792	\$ 15,066,786
14		Total Actual VMP Costs	Line 9 + Line 13	\$ 2,271,004	\$ 3,557,725	\$ 2,608,532	\$ 3,551,644	\$ 3,627,374	\$ 3,096,567	\$ 2,864,549	\$ 2,089,693	\$ 1,888,287	\$ 3,005,052	\$ 2,629,922	\$ 1,900,184	\$ 33,090,533
15		Less: Reimbursable VMP Costs	Company Records	648,620	1,005,790	952,984	842,972	707,484	435,218	762,260	417,611	618,648	704,805	486,811	533,712	8,116,914
16		Actual VMP Costs, Net	Line 14 - Line 15	\$ 1,622,384	\$ 2,551,936	\$ 1,655,547	\$ 2,708,672	\$ 2,919,890	\$ 2,661,349	\$ 2,102,289	\$ 1,672,082	\$ 1,269,639	\$ 2,300,248	\$ 2,143,111	\$ 1,366,472	\$ 24,973,619
17		VMP Cost Recovery in Base Distribution Rates	(A)	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	2,258,333	27,100,000
18		Total VMP Costs Carried over into 2023	Line 16 - Line 17	\$ (635,949)	\$ 293,602	\$ (602,786)	\$ 450,339	\$ 661,557	\$ 403,016	\$ (156,044)	\$ (586,251)	\$ (988,695)	\$ 41,914	\$ (115,222)	\$ (891,862)	\$ (2,126,381)

Source: March 1, 2023 filing, Docket No. DE 23-021, Attachment RDA/EN/RD1-1, Page 6 of 44 (Bates Page 33)

(A) DE 19-057 Settlement Agreement language approved on December 15, 2020 per Order No. 26,433 is as follows:

SECTION 6. VEGETATION MANAGEMENT PROGRAM (VMP)

6.1 The Company shall be allowed to include \$27.1 million annually in rates for vegetation management. Of this amount, \$11.6 million annually is associated with enhanced tree trimming ("ETT") and hazard tree removal; \$14.0 million annually is associated with scheduled maintenance trimming ("SMT"); and \$1.5 million annually is associated with full-width right-of-way ("ROW") clearing.

6.2 The following terms apply to annual reconciliation of vegetation management program costs:

- (a) The Company may request recovery of its actual annual vegetation management expenses up to 10 percent over, or any amount under, the total amount allowed in base rates (\$27.1 million), credited to or recovered through the annual Regulatory Reconciliation Adjustment Mechanism as further described in Section 9 below.
- (b) The Company shall submit a detailed vegetation management plan on or by November 15th each year starting in November 2020 for the following calendar year's vegetation work. The Company shall provide a summary of budgeted costs by program (i.e. ETT/Hazard Tree Removal, SMT and Full-Width ROW Clearing). Further details relating to the contents of the vegetation management plan are included as Appendix 3.

(c) The previous calendar year's actual vegetation activity shall be reconciled to the budget each year in an annual report submitted to the Commission by March 1. If the actual expense incurred in the prior calendar year is less than the amount in base rates (\$27.1 million) the Company may request either to carry that amount into the budget each year in an annual report submitted to the Commission by March 1. If the actual expense incurred in the prior calendar year is less than the amount in base rates (\$27.1 million) the Company may request either to carry that amount into the next program year as an offset to the current year's expenditures or to return the under-spent amount to customers as a credit to the Regulatory Reconciliation Adjustment, subject to Commission approval. If the actual expense incurred in the prior calendar year is greater than the amount in base rates, the Company shall be allowed to recover amounts up to 10 percent of the amount in base rates through the Regulatory Reconciliation Mechanism (\$2.71 million + \$27.1 million = \$29.81 million total), subject to Commission approval. Amounts greater than 10 percent over the amount in base rates shall not be recovered through the Regulatory Reconciliation Adjustment Mechanism or any other recovery mechanism.

(d) The first actual base rate reconciliation to be performed in the March 1, 2021 filing shall reconcile the costs from the period July 1, 2020 through December 31, 2020. The period January 1, 2020 through June 30, 2020 shall be reflected in the Company's recoupment adjustment.

6.3 The Company shall undertake a review of ETT and Hazard Tree Removal activities in an engineering review described in Section 11. The engineering review shall assess the benefits and costs of ETT and Hazard Tree Removal and make recommendations for targeted application of those programs and may result in adjustment to ETT/ Hazard Tree Removal budget after the review has been completed, as determined by the Commission pursuant to Section 11.5 of this Settlement.

SECTION 9.1 ANNUAL REGULATORY RECONCILIATION ADJUSTMENT MECHANISM (VMP)

(b) Vegetation management program variances as described in Section 6 above. The RRA shall include the calendar year over- or under-collection from the Company's Vegetation Management Program. The over- or under-collection shall be credited or charged to the RRA on August 1 of the following year. The Company may request transfer of unspent amounts to the subsequent year's Vegetation Management Program budgets. The amount in base rates shall be \$27.1 million for ETT, Hazard Tree Removal, ROW and SMT programs. The amount to be recovered in the RRA shall be based on the overall vegetation management program variance for the prior calendar year, rather than variances for individual activities within the overall program. The first RRA shall recover any over/under recoveries for the July 1, 2020 – December 31, 2020 vegetation management program associated with activities related to ETT, Hazard Tree Removal, and ROW clearing consistent with the expenditures noted in extension of the Temporary Rates Settlement Agreement as described in the Staff's March 24, 2020 letter in this docket. *The first full year of the \$27.1 million total vegetation management program reconciliation shall begin in the 2021 annual reconciliation.*