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1 **Introduction**

2 **Q. Please state your full name(s).**

3 A. Elizabeth R. Nixon and Jacqueline M. Trottier

4 **Q. By whom are you employed, and what is your business address?**

5 A. We are employed by the New Hampshire Department of Energy (DOE or the Department).

6 Our business address is 21 S. Fruit Street, Suite 10, Concord, NH 03301.

7 **Q. Ms. Nixon, please summarize your education and professional work experience.**

8 A. I joined the New Hampshire Public Utilities Commission (PUC or Commission) in August
9 2012 in the Sustainable Energy Division working on renewable energy issues. In August
10 2016, I joined the PUC's Electric Division as a Utility Analyst. In July 2021 when the
11 Department of Energy was created, I continued my position as a Utility Analyst with the
12 Department's Regulatory Support Division. In January 2022, I became the Electric Director
13 in the Regulatory Support Division of the DOE. Prior to the PUC, I was employed at the NH
14 Department of Environmental Services, Air Resources Division, from 1999 until 2012, in
15 various positions. Prior to the joining the State, I worked as a consultant at ICF and AER*X,
16 Inc. Throughout my career, I have focused on energy, environmental, and economic issues
17 and analysis. I earned a B.S. in Mathematics from the University of Vermont. I have
18 testified in various dockets – energy efficiency (DE 17-136, DE 20-092, DE 23-068), Liberty
19 Utilities battery storage docket (DE 17-189), Liberty Utilities distribution rate case (DE 23-
20 039) and Unitil's distribution rate case (DE 21-030). I have also provided recommendations
21 or testimony in several other dockets, including grid modernization (IR 15-296), net metering
22 (DE 22-060), and electric vehicle rate design (IR 20-004, DE 20-170, DE 21-078).

23 **Q. Ms. Trottier, please summarize your education and professional work experience.**

1 A. I began my career with the New Hampshire Public Utilities Commission in June 2016,
2 initially serving as a Program Assistant in the Electric Division. Since February 2023, I have
3 been a Utility Analyst in the Regulatory Support Division at the Department of Energy. In
4 this role, I have actively contributed to various dockets, including those related to Unital's
5 Stranded Cost and External Delivery Charge, Eversource's Storm Cost Recovery, Liberty's
6 Revenue Decoupling Adjustment Factor, and Energy Efficiency. I have provided testimony
7 in multiple proceedings, including Liberty Utilities' Revenue Decoupling docket (DE 23-
8 081) and its distribution rate case (DE 23-039). My academic background includes a
9 Bachelor of Science degree in Data Analytics from Southern New Hampshire University.

10 **Q. What is the purpose of your testimony in this proceeding?**

11 A. Our testimony provides the Department of Energy's recommendations on Public Service
12 Company of New Hampshire d/b/a Eversource Energy's (Eversource) request for a
13 distribution rate change. Specifically, we:

- 14 • Summarize key recommendations made by other Department witnesses, including
15 but not limited to, depreciation, plant disallowances, cost of capital, performance-
16 based ratemaking, cost recovery, rate design, and overall revenue requirements.
- 17 • Evaluate and provide recommendations on Eversource's proposed revenue
18 decoupling mechanism, including why the Department does not support its
19 adoption at this time.
- 20 • Discuss the use of RSA 125-O funding for energy efficiency projects at
21 Eversource facilities.

22

1 **Summary**

2 **Q. Please summarize your testimony.**

3 A. In our testimony, we discuss the following recommendations:

- 4 • The Department recommends against approving Revenue Decoupling. If the Commission
5 decides to proceed with Revenue Decoupling, then the Department recommends the
6 approach presented in the testimonies of Nicholas Crowley/Dan McLeod and Michael
7 Clark.
- 8 • The Department recommends that Eversource use RSA 125-O funding to pay the total
9 cost of two LED lighting projects (55 W. Brook St and 73 W. Brook St.), which would
10 result in a reduction of rate base of \$499,033.
- 11 • The Department recommends the changes proposed in the other DOE witness'
12 testimonies as summarized below.

13

14 **Summary of DOE's Testimonies**

15 **Q. Please summarize the testimony of the other witnesses for the DOE.**

16 A. Below is a summary of the testimony for each witness for the DOE in this proceeding:

- 17 • Jay Dudley, Utility Analyst, NH Department of Energy and consultants Ron Willoughby
18 and Joe DeVirgilio recommend \$52.3 million in disallowances for plant in service. In
19 addition, the vegetation management program amount should be decreased by \$200,000
20 for level spending of \$43 million. The Dudley/Willoughby/DeVirgilio testimony also
21 recommends the recent storm costs under review in Docket DE 24-041 be recovered as
22 part of the Storm Reserve Adjustment Mechanism (SRAM) in the Regulatory
23 Reconciliation Adjustment (RRA) at \$15,058,824. That is, these storm costs should be

1 amortized over 15 years with an annual carrying cost based on the 10-year Treasury rate.

2 Finally, Dudley/Willoughby/DeVirgilio recommend against implementation of PBR.

- 3 • Stephen Eckberg, Utility Analyst, NH Department of Energy, provides testimony
4 regarding depreciation, in which he recommends using the remaining life technique
5 presented by the Company. Mr. Eckberg also addresses the lead lag study, the Fee Free
6 Program, the New Start Program, the Energy Park solar facility, and a renewable
7 regulatory liability. His testimony recommends an annual funding amount of \$600,000
8 for the Fee Free program with annual reconciliation of over/under collections and a
9 shorter amortization period. For the New Start Program, Mr. Eckberg recommends
10 annual funding of \$3.5 million with over/under differences reconciled. Mr. Eckberg also
11 recommends a correction to the Company's calculation of rate base related to a
12 renewable regulatory liability in the amount of (\$8,124,302).
- 13 • Nicholas A. Crowley, Vice President, and Dr. Daniel McLeod, Economist, of Christensen
14 Associates Energy Consulting LLC provide testimony regarding Performance-Based
15 Ratemaking (PBR), including K-Bar, Revenue Decoupling, and Performance Incentive
16 Mechanisms (PIMs) and other elements of the PBR plan. Witnesses Crowley/McLeod
17 provide recommended changes for such an approach.
- 18 • Michael T. Clark, Vice President, Christensen Associates Energy Consulting LLC makes
19 recommendations regarding the Company's test year billing determinants, cost of service
20 studies, rate design (including changes to customer charges and TOU rates), and revenue
21 decoupling. Mr. Clark also proposes weather normalizing the test year billing
22 determinants which results in an increase to test year revenues (i.e., a reduction in
23 revenue deficiency) of \$6,360,344.

- 1 • Dr. J. Randall Woolridge provides testimony on the proposed capital structure and overall
2 cost of capital. In his testimony, he recommends a return on equity of 9.50% and a
3 weighted average cost of capital of 6.80%, as shown in Table 1 below.

Table 1. Cost of Capital

Capital Source	Capitalization Ratios	Cost Rate	Weighted Cost Rate
Short-Term Debt	0.00%	0.00%	0.00%
Long-Term Debt	50.00%	4.10%	2.05%
Common Equity	50.00%	9.50%	4.75%
Total	100.00%		6.80%

- 4
- 5 • Donna Mullinax of Blue Ridge Consulting Services, Inc. addresses the Company's
6 revenue requirement, revenue deficiency and the impact of the DOE's proposed
7 adjustments. Ms. Mullinax's testimony shows that the DOE's adjusted rate base of
8 \$1,800,390,086 million (compared to Eversource's updated proposal of \$1,854,152,033
9 million) along with the revised cost of capital results in a revenue deficiency of
10 \$82,197,706 compared to the Company's request of \$177,745,434 million (updated from
11 the original filing of \$181,898,881).¹

12

13 **Revenue Decoupling**

14 **Q. Did Eversource include a revenue decoupling proposal in its filing?**

- 15 A. Yes. Eversource included a Revenue Decoupling Mechanism proposal in its filing as
16 required by the settlement agreement approved by the Commission in Docket No. DE 19-

¹ Note that the Department's adjustments of about \$95 million include a movement of the collection of recent storm costs from the revenue requirement to the storm reserve adjustment mechanism. Eversource had proposed about \$54 million in the revenue requirement for the storms, which appear as a reduction in the Department's revenue requirement, but the Department does propose recovery (less amounts proposed for disallowance in DE 24-041), but in a separate mechanism. Therefore, in total, the Department is recommending a total adjustment of about \$41 million (\$95 million - \$54 million).

1 057. Note that the settlement agreement explicitly states that this requirement does not
2 constitute support for decoupling in principle or for any specific decoupling mechanism.
3 Additionally, the settlement agreement preserves the right of any party, including the
4 Department, to oppose or seek modifications to the proposal in this proceeding.

5 **Q. Does the Department recommend that Eversource adopt Revenue Decoupling?**

6 A. No, the Department does not recommend that Eversource adopt Revenue Decoupling.
7 Additionally, Eversource itself has not requested to adopt Revenue Decoupling in this
8 proceeding. Decoupling is often presented as a way to break the link between sales and
9 revenues, enabling a utility to pursue energy efficiency (EE) more aggressively by ensuring
10 recovery of lost revenue. However, in 2022 the New Hampshire Legislature established the
11 level of energy efficiency to be pursued by electric utilities. See HB 549 (2022). In DE 23-
12 068, Eversource received approval to implement its 2024-2026 EE plan in accordance with
13 this legislative mandate.² Since state law already determines the company's EE obligations,
14 there is no need for a decoupling mechanism to provide Eversource with additional
15 incentives. The company's course on EE is set independent of revenue considerations.

16 **Q. Do you have other concerns regarding implementing decoupling for Eversource?**

17 A. The Department's experience with the decoupling mechanisms implemented by the state's
18 other two regulated electric utilities has raised concerns about the accumulation of growing
19 deferrals above decoupling caps which were implemented to help avoid decoupling rate
20 shock. These deferrals can lead to significant future rate impacts, shifting financial risks onto
21 ratepayers. Given these challenges, the Department is concerned that introducing decoupling

² Basically, HB 549 (2022) established EE budgets at 2020 levels, increased for inflation each year.

1 for Eversource could result in similar or even greater issues, particularly given the company's
2 size and customer base.

3 In addition, experience in New Hampshire does not suggest that revenue decoupling has
4 increased the interval between rate cases. The New Hampshire electric and gas utilities that
5 have implemented decoupling have not filed rate cases less frequently than before
6 decoupling.

7 **Q. If the Commission decides that Revenue Decoupling is necessary does the Department**
8 **have any recommendations?**

9 A. Yes. The Department believes that many changes should be made to the Company's
10 proposals. Please refer to Nicholas Crowley's/Daniel McLeod's and Michael Clark's
11 testimony for the Department's specific recommendations for revenue decoupling.

12 **Q. If Eversource is not granted Revenue Decoupling or PBR, what happens to Lost Base**
13 **Revenue (LBR)?**

14 If decoupling or PBR is not approved, the treatment of Lost Base Revenue will need to be
15 addressed. LBR is currently used to compensate the Company for revenue losses associated
16 with compliance with state-mandated energy efficiency programs³ and has been approved for
17 net metering⁴. RSA 362-A:9, VII allows a distribution utility to determine the *net effect* of
18 net metering on its distribution revenues and expenses. Since the Legislature has already set
19 the required level of energy efficiency, the company does not need additional incentives (by
20 ensuring recovery of lost revenue) to aggressively pursue energy efficiency. Additionally,
21 the Value of Distributed Energy Resource Study (conducted in the net metering docket, DE

³ Lost Base Revenue associated with energy efficiency is currently recovered through the System Benefits Charge (SBC).

⁴ Lost Base Revenue associated with net metering is currently recovered through the Regulatory Reconciliation Adjustment mechanism.

1 22-060) could be used to reassess the net impacts of net metering on the utility system in the
2 context of lost base revenue.

3 **RSA 125-O Funding for Energy Efficiency Projects at Eversource Facilities**

4 **Q. Please explain what RSA 125-O:5 states regarding set aside funding for energy**
5 **efficiency projects at Eversource facilities.**

6 A. Pursuant to RSA 125-O:5, II, Eversource may set aside and use any unencumbered energy
7 efficiency system benefit charge (SBC) funds up to 2 percent of all energy efficiency SBC
8 funds collected in a prior program year to be used for cost-effective energy efficiency
9 initiatives at Eversource's facilities.⁵

10 **Q. Does Eversource's filing include any energy efficiency projects for which the RSA 125-**
11 **O funding was used?**

12 A. Yes. Eversource installed LED lighting at its facilities located at 55 W. Brook St and 73. W
13 Brook St. in Manchester. Eversource indicated that it used \$369,743 of the RSA 125-O
14 funding to offset some of the costs of these projects.

15 **Q. Could Eversource have used additional RSA 125-O funding to offset additional costs at**
16 **these projects?**

17 A. Yes. According to Eversource's RSA 125-O funding report for energy efficiency plan year
18 2022, an additional \$500,000 was set aside. The total additional costs of these projects, after
19 taking into account the RSA 125-O funding amount of \$369,743 that was used for the
20 projects, was \$499,033 (\$166,633 for 55 W. Brook St and \$332,400 for 73 W. Brook St.)⁶.
21 Eversource had included the amount of \$499,033 in rate base as this amount was derived

⁵ Note that in Docket DE 09-170, the Commission approved a settlement agreement (see Tab 63) that clarified the implementation of RSA 125-0:5 set aside funding

⁶ See Eversource Testimony of Landry/Devereaux/Dickie, Line 36 in Attachment ES-Additions-2(e), Page 3 of 9 (Bates p. 2337) and Line 59 in Attachment ES-Additions-2(e), Page 9 of 9 (Bates p. 2343).

1 from Eversource's own capital sources. The \$369,742 amount for the projects was not
2 included in rate base, as this amount was, in effect, a customer contribution, as the RSA 125-
3 O funds are SBC funds which are paid by customers.

4 **Q. What does the Department recommend regarding these two LED lighting projects?**

5 A. The Department recommends that these two projects (Project No. 217129-55 W. Brook St
6 and Project No. 21784-73. W. Brook St) be fully excluded from rate base, and \$499,033 of
7 the RSA 125-O funding set aside be used to cover the costs of these projects that were
8 included in rate base. This will leave an adjusted balance of \$967 in the RSA 125-O funds.

9

10 **Conclusion**

11 **Q. Please summarize your recommendations in this testimony regarding Eversource's**
12 **distribution rate change request.**

13 A. In this testimony, we recommend the following:

- 14 • The Department does not support the adoption of a Revenue Decoupling Mechanism
15 for Eversource. However, if the Commission decides to approve a Revenue
16 Decoupling Mechanism, the Department recommends modifications as outlined in the
17 testimonies of Nicholas Crowley/Daniel McLeod and Michael Clark.
- 18 • If decoupling is not approved, the treatment of LBR for both energy efficiency and
19 net metering will need to be reviewed to determine its appropriateness, and if deemed
20 appropriate, the recovery mechanism and amount.
- 21 • The Department recommends that Eversource use RSA 125-O funding to cover the
22 full cost of the LED lighting projects at 55 W. Brook St. and 73 W. Brook St.,
23 totaling \$499,033, and exclude these projects from rate base.

- 1 • The Department recommends the adoption of the proposed adjustments and
2 recommendations contained in the DOE witness testimonies as described above.

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

4 A. Yes.