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**STATE OF NEW HAMPSHIRE**

**PUBLIC UTILITIES COMMISSION**

**July 22, 2024** - 1:03 p.m.  
21 South Fruit Street  
Suite 10  
Concord, NH

RE: **DE 24-070**  
**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a EVERSOURCE ENERGY:**  
Request for Change in Distribution Rates. (*Prehearing conference*)

**PRESENT:** Chairman Daniel C. Goldner, *Presiding*  
Commissioner Pradip K. Chattopadhyay  
Commissioner Carleton B. Simpson  
  
Alexander Speidel, Esq./*PUC Legal Advisor*  
  
Tracey Russo, Clerk

**APPEARANCES:** **Reptg. Public Service Company of New Hampshire d/b/a Eversource Energy:**  
Jessica A. Chiavara, Esq.  
Jonathan A. Goldberg, Esq. (*Keegan...*)  
  
**Reptg. Clean Energy New Hampshire:**  
Chris Skoglund, Dir./Energy Transition  
  
**Reptg. Community Power Coalition of New Hampshire:**  
Deana Dennis, Dir./Reg. & Leg. Affairs  
Clifton C. Below, Chair

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

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**APPEARANCES: (C o n t i n u e d)**

**Reptg. New England Connectivity and  
Telecommunications Association (NECTA):**

David C. Soutter, Esq.  
Sean Carroll (Comcast)

**Reptg. the Rate LG Customer Consortium:**

Eben Perkins (Competitive Energy Serv.)  
Benjamin Borowski, Esq. (Preti Flaherty)

**Reptg. Walmart, Inc.:**

Melissa M. Horne, Esq. (Higgins...)

**Reptg. Mary Ellen O'Brien Kramer:**

Stephen Tower, Esq. (N.H. Legal Asst.)

**Reptg. Residential Ratepayers:**

Michael Crouse, Esq.  
Matthew Fossum, Esq., Asst. Cons. Adv.  
Office of Consumer Advocate

**Reptg. New Hampshire Dept. of Energy:**

Paul B. Dexter, Esq.  
Mary E. Schwarzer, Esq.  
Matthew C. Young, Esq.  
(Regulatory Support Division)

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**P R O C E E D I N G**

CHAIRMAN GOLDNER: Okay. Good afternoon. I'm Chairman Dan Goldner. And I'm here today with Commissioner Simpson and Commissioner Chattopadhyay.

This is the prehearing conference for the Eversource full distribution rate case, docketed in DE 24-070. This prehearing conference is being held pursuant to the Order of Notice, Commission Order 27,029, issued on June 28th, 2024.

The hearing on the Company's proposal for temporary rates will be held separately this Thursday, July 25th, at 9:00 a.m., here at the Commission.

Eversource filed timely affidavits of website and newspaper publication with the Commission on July 1st and July 3rd, respectively.

Time is limited, and we have a good deal of ground to cover. So, I'll outline our course of action for today's prehearing conference.

First, we'll take simple appearances of

1 the parties and prospective parties in  
2 alphabetical order. Concerning the multiple  
3 Petitions to Intervene, I note that we have eight  
4 Petitions to Intervene that have been filed.  
5 Eversource has filed one objection to  
6 intervention relating to the Petition filed by  
7 CPCNH. Further, CLF filed an Amended Petition  
8 for Intervention on July 18th, 2024, that  
9 substitutes its original Petition to Intervene  
10 filed on July 12th, 2024.

11 Given the vast number of Petitions to  
12 Intervene, the Commission has determined that it  
13 is best to decide these Petitions to Intervene  
14 based on written pleadings. To make this  
15 determination, the Commission will take each  
16 Petition one at a time. The Commission has  
17 received the Petitions from the prospective  
18 intervenors. In most cases, there has not been a  
19 written objection or assent from the current  
20 parties, Eversource, the OCA, and the DOE, on  
21 each individual Petition. The Commission notes  
22 that the standard for intervention outlined in  
23 RSA 541-A:32 and Puc 203.17.

24 Prior to issuing a ruling on each

1           Petition to Intervene, the Commission requests  
2           that the currently existing parties, Eversource,  
3           DOE, and OCA, respond to the following by  
4           August 2nd, 2024, for each Petition. Number one,  
5           whether or not the Petition to Intervene could be  
6           limited in scope, that would still enable the  
7           intervenor to participate in the proceeding to  
8           protect each intervenor's rights, duties,  
9           privileges, immunities or other substantial  
10          interest, but still allows the proceeding to  
11          proceed in an orderly manner; and, two, what  
12          limitations, if any, should be placed on each  
13          Petition to Intervene, knowing that RSA 541-A:32  
14          allows for the following: "(a) Limitation of the  
15          intervenor's participation to designated issues  
16          in which the intervenor has a particular interest  
17          demonstrated by the petition; (b) Limitation of  
18          the intervenor's use of cross-examination and  
19          other procedures so as to promote the orderly and  
20          prompt conduct of the proceedings; and (c)  
21          Requiring 2 or more intervenors to combine their  
22          presentations of evidence and argument,  
23          cross-examination, and other participation in the  
24          proceedings."

1           After receiving the responses by  
2           August 2nd, 2024, the potential intervenors will  
3           have until August 9th to file reply briefs, if  
4           necessary. The Commission shall issue -- shall  
5           issue a substantive order addressing the multiple  
6           Petitions to Intervene by August 16th, 2024.

7           Because of the extended deadline for  
8           intervention, the Commission will amend the day  
9           that the parties' procedural schedule proposal  
10          submission, established in Order Number 27,029,  
11          from August 1st to August 30th, 2024.

12          Concerning the Company's Motion for  
13          Confidential Treatment pertaining to its  
14          confidential modeling filed on July 11th, 2024,  
15          we will be asking for each party's position  
16          regarding that motion. We will take that motion  
17          under advisement, pending further rate case  
18          developments.

19          Following the Motion for Confidential  
20          discussion, we will invite the parties, persons,  
21          and entities here today to make a brief opening  
22          statement, no longer than five minutes, regarding  
23          the overall rate case approach delineated by the  
24          Commission in Order 27,029, including the



1 procedural schedule framework provided by the  
2 Commission in that order, and whatever other  
3 preliminary matters the parties and potential  
4 parties find appropriate.

5 We will likely take a short recess  
6 after 90 minutes have elapsed in today's  
7 prehearing conference.

8 We'll now take simple appearances,  
9 beginning with Clean Energy New Hampshire?

10 *[No indication given.]*

11 CHAIRMAN GOLDNER: Okay. Clean Energy  
12 New Hampshire is not here today.

13 The Community Power Coalition of New  
14 Hampshire?

15 MS. DENNIS: Good afternoon. Deana  
16 Dennis, I'm Director of Regulatory and  
17 Legislative Affairs. And with me here today is  
18 Clifton C. Below, the Honorable, and he's Chair  
19 of the Coalition.

20 CHAIRMAN GOLDNER: Okay. Thank you.

21 Next is the Conservation Law  
22 Foundation?

23 *[No indication given.]*

24 CHAIRMAN GOLDNER: Okay. Not here.

1 Eversource Energy?

2 MS. CHIAVARA: Good afternoon,  
3 Commission. Jessica Chiavara, here on behalf of  
4 Public Service Company of New Hampshire, doing  
5 business as Eversource Energy. And I have with  
6 me here today Jonathan Goldberg, Senior Counsel,  
7 from the Keegan Werlin law firm.

8 CHAIRMAN GOLDNER: Okay. Thank you.

9 Next, I'll refer to it as the "Rate LG  
10 Customer Consortium"?

11 MR. PERKINS: Eben Perkins, Chief  
12 Strategy Officer, with Competitive Energy  
13 Services, speaking on behalf of those four  
14 end-users: The University System of New  
15 Hampshire, Hancock Lumber Company, Pike  
16 Industries, and Monadnock Paper Mills. I'm here  
17 with Benjamin Borowski, of Preti Flaherty, who  
18 will be filing a notice of appearance shortly to  
19 represent the rate group.

20 CHAIRMAN GOLDNER: Okay. Thank you.

21 Mary Ellen O'Brien Kramer?

22 *[No indication given.]*

23 CHAIRMAN GOLDNER: Okay. Not here.

24 The New England Connectivity and

1 Telecommunications Association?

2 MR. SOUTTER: Good afternoon. David  
3 Soutter, from NECTA. I'm the Director of Public  
4 Policy and Regulatory Affairs. I'm here with  
5 Sean Carroll, from Comcast.

6 CHAIRMAN GOLDNER: Thank you.

7 The New Hampshire Department of Energy?

8 MR. DEXTER: Good afternoon, Mr.  
9 Chairman, Commissioners. My name is Paul Dexter,  
10 appearing on behalf of the Department of Energy.  
11 I'm joined today by co-counsels Mary Schwarzer  
12 and Matthew Young.

13 CHAIRMAN GOLDNER: Thank you.

14 The Office of the Consumer Advocate?

15 MR. CROUSE: Good afternoon,  
16 Commissioners. My name is Michael Crouse, Staff  
17 Attorney for the Office of the Consumer Advocate.  
18 Joining me today is Matthew Fossum, Assistant  
19 Consumer Advocate; and Marc Vatter, our Director  
20 of Economics. We represent residential customers  
21 in this matter.

22 CHAIRMAN GOLDNER: Thank you.

23 Standard Power of America?

24 *[No indication given.]*

1 CHAIRMAN GOLDNER: Okay. Not here.

2 And, finally, Walmart, Incorporated?

3 MS. HORNE: Good afternoon,

4 Commissioners. Melissa Horne, from Higgins,

5 Cavanagh, & Cooney, on behalf of Walmart, Inc.

6 CHAIRMAN GOLDNER: Thank you.

7 And I think that Mr. Skoglund, from

8 Clean Energy of New Hampshire, just arrived?

9 MR. SKOGLUND: Yes. My apologies,

10 Commissioners. Chris Skoglund, Director of

11 Energy Transition, with Clean Energy New

12 Hampshire.

13 CHAIRMAN GOLDNER: Okay. Okay, very

14 good.

15 We'll now inquire of the parties and

16 prospective parties regarding their position on

17 the Company's Motion for Confidential Treatment.

18 The Motion having been filed on 7/10, and today

19 being the first business day after the tenth day.

20 So, we'll start with you, Mr. Skoglund?

21 Do you have any comments on the confidential

22 treatment filed by the Company?

23 MR. SKOGLUND: No. Thank you. We have

24 no comments on the Motion.

1 CHAIRMAN GOLDNER: Thank you.

2 CPCNH?

3 MS. DENNIS: The Coalition also has no  
4 comments on the Motion.

5 CHAIRMAN GOLDNER: Okay. Let's move to  
6 the Rate LG Customer Consortium?

7 MR. PERKINS: We have no comments.

8 CHAIRMAN GOLDNER: NECTA?

9 MR. SOUTTER: NECTA has no comments.

10 CHAIRMAN GOLDNER: Okay. The New  
11 Hampshire Department of Energy?

12 MR. DEXTER: The Department of Energy  
13 does not object to the Motion. These are items  
14 that are typically protected in rate cases that  
15 have been filed with the Commission in the past.

16 CHAIRMAN GOLDNER: Thank you, Attorney  
17 Dexter.

18 And the Office of the Consumer  
19 Advocate?

20 MR. CROUSE: Thank you. The OCA does  
21 not object.

22 CHAIRMAN GOLDNER: Okay. And, then,  
23 finally, I'll come back around to Eversource, if  
24 you'd like to make any comments on this topic?

1 MS. CHIAVARA: We have nothing to add  
2 to the Motion.

3 CHAIRMAN GOLDNER: Thank you.

4 And, I am sorry, I missed Walmart?

5 MS. HORNE: That's okay. Walmart  
6 doesn't have a position on the Motion. Thank  
7 you.

8 CHAIRMAN GOLDNER: Thank you.

9 Okay. So, well, thank you. The  
10 Commission will take the matter of the Motion for  
11 Confidential Treatment under advisement and issue  
12 an order in due course.

13 We'll now invite Eversource, the OCA,  
14 and the DOE to make brief opening statements on  
15 the record here today, regarding a procedural  
16 schedule and other matters of preliminary  
17 interest. Additionally, we'll invite the  
18 prospective intervenors to make brief opening  
19 statements as well.

20 Finally, we note, in particular, that  
21 Eversource, with the concurrence of the parties  
22 then approved, is to file a procedural schedule  
23 proposal with the Commission, building on the  
24 features presented in Order Number 27,029, no

1 later than August 30th, 2024. This date, as  
2 amended and mentioned earlier, to accommodate the  
3 intervention petition ruling.

4 So, we can, and I know that Eversource,  
5 I think, has prepared a presentation, and we can  
6 do that at the end of the opening statements, if  
7 that's okay with Eversource?

8 MS. CHIAVARA: Yes.

9 CHAIRMAN GOLDNER: Okay. Thank you.  
10 So, let's take opening statements, beginning with  
11 Clean Entity -- sorry -- Clean Energy New  
12 Hampshire.

13 MR. SKOGLUND: Thank you, Commissioner.  
14 Clean Energy New Hampshire, if granted  
15 intervenor status, looks forward to working with  
16 the other intervenors in this docket. We  
17 recognize that, typically, rate cases are  
18 backwards-looking, and that matters in that -- of  
19 that nature are of lower interest to our members.

20 As a reminder, Clean Energy New  
21 Hampshire is not a trade organization, but is  
22 composed of hundreds of individuals, other  
23 nonprofits, municipalities, businesses, and the  
24 three state-regulated utilities themselves. The

1           municipal members represent about 30 percent of  
2           the total -- sorry, allergies -- total population  
3           of this state. And, in intervening in this  
4           docket, we are interested in those matters, such  
5           as the performance-based ratemaking element, that  
6           are more forward-looking, and, therefore, will  
7           impact the design and rollout of the energy  
8           transition.

9                         Thank you.

10                        CHAIRMAN GOLDNER: Thank you. Let's  
11           move now to CPCNH.

12                        MS. DENNIS: I'm going to turn to  
13           Mr. Below to provide the opening statement on  
14           behalf of the Coalition.

15                        MR. BELOW: Thank you.

16                        As stated in our Petition to Intervene,  
17           first and foremost, we have a substantial  
18           interest as it relates to the New Hampshire  
19           energy system and distribution costs to our own  
20           municipal and county accounts, as well as those  
21           of our residents and businesses.

22                        Now, as you know, the Coalition is a  
23           governmental instrumentality of 60 subdivisions  
24           of the state exercising governmental authorities



1 broadly. I will address Eversource's objection  
2 to our Petition to Intervene at the appropriate  
3 time. But I would just go on to say that  
4 derivative of our interest in distribution costs  
5 to our own municipal accounts is the questions of  
6 whether the proposed rates are just and  
7 reasonable, and whether the investments that they  
8 have incurred are prudent.

9 We also express strong interest  
10 particularly in performance-based ratemaking, as  
11 well as rate design, interconnection, and demand  
12 response, which are all topics in this docket,  
13 and relate broadly to the purposes of the  
14 Coalition.

15 In particular, performance-based  
16 ratemaking is an important transition. In the  
17 Liberty Utilities' case, we've supported a move  
18 towards performance-based ratemaking. But  
19 understand that that is what either incentivizes  
20 or doesn't incentivize particular behavior. And  
21 the distribution system is a fundamental platform  
22 for not just competitive supply and CPAs, but  
23 also for demand response, and how our own  
24 municipalities and customers can engage in the

1 development of distributed energy resources.

2 So, that's broadly our interest in the  
3 docket. And our preliminary position is to just  
4 want to understand the proposal at greater  
5 length. It's obviously a very, very extensive  
6 proposal. And contribute constructively and  
7 collaboratively with the other parties to help  
8 inform the Commission in its decision in this  
9 case.

10 CHAIRMAN GOLDNER: Thank you. And  
11 we'll turn now to Eversource.

12 MS. CHIAVARA: Thank you. And good  
13 afternoon once again.

14 First, I want to thank the Commission  
15 for making efforts to accommodate the Company's  
16 targeted August 1st effective date for temporary  
17 rates. By having us here for the prehearing  
18 conference today, and then holding the temporary  
19 rates hearing later this week. I know that  
20 scheduling in the middle of summer is a challenge  
21 at best, and other things at worst. And I really  
22 appreciate the Commission making the time to help  
23 the Company get through these two critical pieces  
24 to get towards that targeted date.

1           In the interest of time, and because I  
2           have a full table of much smarter people than I  
3           here today, I will keep my comments brief. And,  
4           then, I will turn it over to these folks that I'm  
5           going introduce in a moment.

6           The reason why I have such a sizeable  
7           crew with me today is because the Company was  
8           hoping to provide the presentation, which you're  
9           already aware of. It presents a high-level  
10          overview of the major components of the Company's  
11          filing.

12          The Company provided this presentation  
13          for both the DOE and the OCA, and, in both  
14          instances, I believe everybody agreed that it was  
15          helpful. It was for orienting folks on the core  
16          issues of the case. We think it will provide the  
17          same for the Commission and for the potential  
18          intervening parties here today.

19          And I would also like to thank the  
20          Commission for scheduling the several prehearing  
21          technical conferences that you've scheduled over  
22          the course of the proceeding. Given the novel  
23          complexities in the Company's PBR proposal, that  
24          really is the focus of this case, I think there's

1 a potential great benefit to everyone involved,  
 2 and certainly for the Commission, to discuss the  
 3 underlying principles and component parts that  
 4 comprise a balanced Performance Ratemaking --  
 5 Performance-Based Ratemaking plan.

6 The Company is of the view that an open  
 7 dialogue with all parties and the Commission to  
 8 discuss the underpinning concepts of the  
 9 Company's proposal in advance of the hearings  
 10 will crystalize the issues for the parties,  
 11 facilitate settlement, and result in more  
 12 informed hearings for all involved when it is  
 13 time to have those hearings.

14 The Company has made some unique  
 15 proposals here, new to New Hampshire, which we  
 16 believe will benefit customers, and will also  
 17 harness administrative efficiencies, which will  
 18 lessen the regulatory burden on the Company and  
 19 both regulatory agencies. But we also understand  
 20 that this presents a sharp learning curve for the  
 21 parties, as well as the Commission.

22 For the Company, transparency and  
 23 education are paramount. And, so, to ensure both  
 24 are maximized, the Company stands at the ready to

1 facilitate a more complete understanding of all  
2 facets of the Company's filing for all involved,  
3 which is why the Company has proposed rolling  
4 discovery periods in the draft procedural  
5 schedule, which has been circulated to OCA and  
6 DOE at this point, rather than a single day for  
7 serving discovery.

8 And the Company is also prepared to  
9 answer Commissioner questions throughout the  
10 proceeding. The Company is also open to any  
11 additional forum or medium of inquiry that the  
12 Commission and the parties believe would be a  
13 benefit in navigating this original rate  
14 regulation proposal.

15 And I think I've said enough at this  
16 point. So, I would like to introduce my  
17 colleagues that are here with me today. I've  
18 already introduced Jonathan Goldberg, from Keegan  
19 Werlin; next to Jonathan is Doug Horton, Vice  
20 President of distribution rates and regulatory  
21 requirements; sitting next to Doug is Ashley  
22 Botelho, Director of Revenue Requirements for  
23 Distribution; at the end is Bob Coates, is  
24 President of Public Service Company of New

1 Hampshire; and behind, right about here, Yi-An  
2 Chen, who is Director of Revenue Requirements for  
3 PSNH; and then, oh, and next to Yi-An is Sandra  
4 Gagnon, who is Manager of Regulatory Affairs for  
5 PSNH.

6 CHAIRMAN GOLDNER: Thank you. Let's  
7 turn now to the Rate LG Customer Consortium.

8 MR. BOROWSKI: Good afternoon,  
9 Commissioners.

10 The Consortium has a -- excuse me -- a  
11 narrow, but important, issue in this case. If  
12 granted intervention, we would participate  
13 constructively to test Eversource's proposal, and  
14 propose an alternative transmission rate design  
15 that we think achieves greater efficiency and  
16 equity.

17 Thank you.

18 CHAIRMAN GOLDNER: Thank you. We'll  
19 turn now to NECTA.

20 MR. SOUTTER: Good afternoon,  
21 Commissioners. As you are aware, NECTA is a  
22 non-profit trade association representing the  
23 interests of communication attachers and cable  
24 operators in New Hampshire. NECTA, as its

1           Petition for Intervention states, and if granted,  
2           NECTA has an interest, and our members have an  
3           interest, in the inputs to the pole attachment  
4           formula that Eversource follows, including pole  
5           maintenance costs, including inspections,  
6           replacements, tree-trimming, and other -- and  
7           other inputs to the formula.

8                     In particular, we have an interest also  
9           in the unification of the legacy Eversource books  
10          and those related to pole assets purchased  
11          through Consolidated. The unification impact on  
12          pole attachments rates, we would ask that the  
13          Commission might consider if unification of those  
14          books and rates should be accomplished in this  
15          proceeding, particularly with a post transfer  
16          closing FERC Form 1 already in this docket.

17                    Thank you.

18                    CHAIRMAN GOLDNER: Thank you. We'll  
19          turn now to the New Hampshire Department of  
20          Energy.

21                    MR. DEXTER: Thank you. I have a  
22          number of statements I'd like to make,  
23          preliminary statements about issues, and I can  
24          address scheduling as well. I guess I'll start

1 with the preliminary statement of issues.

2 And we just heard Eversource's counsel  
3 say that the focus of this course [sic] is the  
4 Performance-Based Ratemaking Plan. I think the  
5 Department of Energy would respectfully disagree.  
6 We believe the focus of this case is the \$182  
7 million rate increase that the Company is  
8 requesting. Certainly, the PBR approach that's  
9 proposed is important, but we would not call that  
10 the focus of the case.

11 Our preliminary position on the \$182  
12 million requested rate increase is that it's  
13 extraordinarily high. The Company's last rate  
14 increase -- general rate increase, which occurred  
15 about five years ago, was in the area of \$45  
16 million, and that was followed by three annual  
17 step adjustments in the area of about \$10 million  
18 each. As I said, what we were first struck with  
19 with this case was the significant requested  
20 revenue increase.

21 As the Commission noted in its  
22 preliminary order, this represents a 47 percent  
23 increase in the distribution rates of Eversource,  
24 with the potential that it be further increased



1 based on the PBR that's been proposed.

2 The case is large as well, physically  
3 large. There were over 20,000 pages that were  
4 filed with the Commission. We understand that a  
5 lot of that was provided by the Company in an  
6 effort to substantiate the various capital  
7 projects that have been -- that, you know,  
8 capital plant additions that have been made since  
9 the last rate case. But it will take some time  
10 to get through the 20,000 pages.

11 Turning specifically to the issues that  
12 we wanted to mention, we believe that one of the  
13 reasons that the rate increase is so high has to  
14 do with the Company's requested cost of capital.  
15 The Company, at Bates Page 19303, requests that  
16 the Department [sic] grant the Company a 10.3  
17 percent return on equity, and they state that  
18 that's a low end of a reasonable range.

19 Similarly, the Company requests an  
20 equity ratio of 53.85 percent. You'll find that  
21 Bates Page 01740 of the filing and Bates Page  
22 19385 of the filing. The Company gave a -- the  
23 Company's witness gave a sample of recently  
24 granted return -- equity ratios that were in that

1 range, but I would note that none of the  
2 companies that were listed in that sample were  
3 New Hampshire companies.

4 And the Department's preliminary  
5 position is that both 10.3 percent return on  
6 equity and the 53.85 percent equity ratio are too  
7 high. And that's an issue that we will explore  
8 in detail in the case.

9 You know, rate cases are sort of the  
10 quintessential proof of the statement "the devils  
11 are in the details." As I said, there's 20,000  
12 pages here.

13 One of the details that jumped out at  
14 us as we were looking at the case preliminarily  
15 had to do with "normalization adjustments". As  
16 the Commission knows, and other folks in the room  
17 know, that rate cases are based on a "test year"  
18 concept. And there are often normalization  
19 adjustments that are made to test year numbers,  
20 in order to be sure that the numbers that get  
21 built into rates are representative of what might  
22 happen in the future in the Company's operations.  
23 And a couple jumped out at us. Normalization  
24 adjustments we see at Bates Page 01642, Line 29,

1           that the Company made an \$11.7 million adjustment  
2           to its administrative and general expenses.

3           Those are typically just what they sound like,  
4           you know, office-related expenses. That strikes  
5           us as a pretty high adjustment. We need to get  
6           to the bottom of that, why the Company would  
7           normalize their test year A&G expenses to that  
8           extent.

9                         Similarly, and even higher, the Company  
10           has proposed \$33.9 million normalization, test  
11           year normalization, to its amortization expense.  
12           And we learned through discussions with the  
13           Company concerning temporary rates, and we'll  
14           here more about this Thursday, that a substantial  
15           part of those normalization adjustments have to  
16           do with pole acquisition that took place in the  
17           Consolidated Communications case. But, beyond  
18           that, there seem to be over \$10 million of just  
19           normalizing expenses related to amortizations.  
20           Again, an issue that the Department intends to  
21           look at closely.

22                         Once the normalized test year is  
23           developed, it's typical for the utilities to  
24           propose *pro forma* adjustments, and those are

1 typically for things that are known and  
2 measurable that will happen beyond the test year,  
3 that the Commission has traditionally allowed  
4 utilities to reflect in rates in order to offset  
5 regulatory lag.

6 Three of the *pro forma* adjustments sort  
7 of jumped off the page at us, looking at this  
8 quickly. I had mentioned amortizations a minute  
9 ago, the \$33.9 million normalization. There's  
10 another \$31.5 million in *pro forma* amortizations,  
11 and you'll find that at Bates Page 01643, at Line  
12 51. That's an area that the Department will look  
13 at. We haven't figured out why those numbers are  
14 so high, but we will look.

15 The Company's payroll is listed at  
16 Bates Page 01643, Line 32. According to this  
17 schedule, test year payroll was \$50.1 million,  
18 and the *pro forma* adjustment brings it up to  
19 \$68.4 million. I calculate that as a 36 percent  
20 increase. That strikes the Department as  
21 extraordinarily high for a *pro forma* adjustment  
22 for payroll, and we will be investigating that.

23 Similarly, employee benefits are listed  
24 as a test year level of \$8.6 million, with a *pro*

1        *forma* adjustment that brings it up to \$11.3  
2 million, a 31 percent increase. You'll find that  
3 at the same Bates Page 01643, Line 30. We will  
4 be investigating the proposed *pro forma*  
5 adjustment to employee benefits.

6                    The Company's -- sorry, the  
7 Commission's standard filing requirements require  
8 a utility to report on their officers' and  
9 directors' compensation. In this case, you'll  
10 find that information at Bates Page 01227 and  
11 01228. You'll see some extraordinarily high  
12 numbers, what the Department views as  
13 extraordinarily high numbers on those pages.  
14 You'll see that in 19 -- in 2022, Eversource's  
15 President and CEO's total compensation package  
16 equaled \$12.9 million. And you'll see that, in  
17 2022, the total executive compensation, which  
18 comprised 65 individuals, was \$72 million. And,  
19 while those numbers may seem high, when  
20 contrasted to the 2023 numbers, which are the  
21 test year, you'll see that the numbers went up  
22 quite a bit. The President and CEO's total  
23 compensation, in 2023, at Bates Page 01227 and  
24 01228, is listed as \$18.9 million. That's a 46

1           percent increase over 2022. And the total  
2           executive compensation, which comprised of 69  
3           individuals, rose to \$81.6 million. That's a  
4           \$13.3 million increase.

5                         Now, thankfully, for the customers of  
6           New Hampshire, only about 6 percent of these  
7           figures flow through to the New Hampshire  
8           utility. But, nevertheless, those increases, 46  
9           percent and 13 percent, strike the Department as  
10          extraordinarily high, particularly when the  
11          increases fall in the test year, which would be  
12          used as the basis for setting rates going  
13          forward. So, we will be looking at executive  
14          compensation in this case as an important issue.

15                        Moving down, the Company has proposed a  
16          depreciation study -- has submitted a  
17          depreciation study, and proposed depreciation  
18          accrual rates based on that study. Understanding  
19          of the Department is that there's been a change  
20          in method from the depreciation approach that's  
21          been used in the past, according to the 19-057  
22          Settlement. And, so, the Company -- pardon me,  
23          the Department will be looking at the proposed  
24          depreciation rates, based on the new study and

1 the new method.

2 Rate base is always an important issue  
3 in a rate case, because it forms the basis for  
4 the Company's rates, hence the name "rate base".  
5 In this case, at Page 1638, we see a rate base of  
6 \$1.8 billion, as compared to \$1.2 billion, which  
7 was requested in the Company's last case, in  
8 DE 19-057.

9 In evaluating rate base in a case, it's  
10 the job of the Department to look at the plant  
11 investments that were made since the last rate  
12 case. It's not simply looking at what happened  
13 in the test year, because all the capital  
14 investments that have been made since the last  
15 rate case, other than those that were examined in  
16 intervening step adjustment proceedings, must  
17 be -- must be examined. And, in that period, as  
18 I mentioned, we've learned or we knew that the  
19 Company acquired a significant number of what had  
20 been jointly-owned poles from Consolidated  
21 Communications. It's our understanding that that  
22 pole acquisition event is now in rate base. And  
23 we will be looking at that transaction closely to  
24 make sure that the appropriate figures are

1 included in rate base.

2 We believe we see, at Bates Page 02316,  
3 the testimony of Mr. Landry and others, that the  
4 Company is proposing to include, in the final  
5 rates that are set in this case, capital projects  
6 that are not yet placed in service. In other  
7 words, their plan is that they would be placed in  
8 service sometime in 2024.

9 The Department's preliminary position  
10 on that approach is that it's essentially  
11 unworkable for -- well, two reasons. One,  
12 traditionally, in New Hampshire, rate base has  
13 not been adjusted beyond the test year. That's  
14 not an area of ratemaking where known and  
15 measurable changes have been allowed. There have  
16 been step adjustments, but not in terms of  
17 setting the actual base rate in the case. That  
18 would be a significant departure from procedure.  
19 And I believe the reason for that is because  
20 we're having a hard time figuring out, in this  
21 procedural schedule, when those 2024 capital  
22 projects could be investigated. That we don't  
23 have the backup for those projects yet. And we  
24 think it would be extraordinarily difficult to



1 sort of sandwich into this procedural schedule  
2 like a mini step adjustment to handle these 2024  
3 capital projects.

4 Also in the Company's proposal, they  
5 have included prepayments in rate base. We  
6 believe that the Commission's precedent from  
7 Liberty/EnergyNorth Utilities, in DG 17-048,  
8 indicates that, if the underlying elements, which  
9 were prepaid, are thoroughly included in a  
10 lead/lag study, then there's no reason to also  
11 include those prepayments in rate base. We will  
12 be looking to see what's in those prepayments, to  
13 see if they were covered by the lead/lag study.  
14 And, if so, consistent with other cases since  
15 that Liberty-Gas case, we will be recommending  
16 that prepayments not be included in rate base.

17 The Department recognizes that the  
18 Company has proposed a Performance-Based Rate  
19 Plan in this case. Obviously, the Commission is  
20 aware of that, they have scheduled -- you have  
21 scheduled a number of technical sessions to  
22 review that proposal, which we believe are  
23 warranted. We are going to go into those  
24 sessions and review of this proposal with an open

1 mind. We recognize that the Company has cited  
2 what could be considered very attractive  
3 administrative efficiencies with respect to a PBR  
4 proposal, as our understanding is that their  
5 proposal would sort of take lost base revenues  
6 and decoupling out of the picture, which the  
7 Department would generally view as a positive  
8 thing, given the history we've had with those two  
9 items. We believe a stay-out provision could be  
10 an administrative efficiency worth pursuing.

11 But it's going to require us to learn  
12 some new things. We've come across some new  
13 terms, "I-X", "X is zero", "k-bars", "stretch  
14 factors". These are all contained in the  
15 Company's filing. You know, we will need to  
16 examine the Performance-Based Rate Plan. It's  
17 our understanding that there has not been a  
18 performance-base rate plan in New Hampshire maybe  
19 ever, or maybe back a decade or so, you know,  
20 before the memories of those that are working on  
21 this case. But we will be -- we will be  
22 investigating the Performance-Based Rate Plan  
23 carefully.

24 We understand that this case will have

1 a lot of discussion about storm costs. We also  
2 understand the recent storm costs have been quite  
3 large in 2023 and 2024. And we want to be  
4 careful that we handle those costs appropriately  
5 in connection with this rate case.

6 Concerning cost allocation and rate  
7 design, we noticed, at Bates Page 19588, there's  
8 a chart that indicates that residential customers  
9 currently provide 46 percent of the Company's  
10 current revenues, and yet they are being asked to  
11 bear 64 percent of the requested \$122 [182?]   
12 million rate increase. So, there's, obviously, a  
13 change in approach. I imagine that, when we look  
14 into the Allocated Cost Study and the Marginal  
15 Cost Study, we will find the testimony reached  
16 that that's necessary to correct for past  
17 inefficiencies or inequalities. But we are also  
18 mindful of the Commission's longstanding policy  
19 towards rate gradualism. So, we will be looking  
20 at that -- at those changes in cost allocation  
21 and rate design very carefully.

22 The Commission has -- I'm sorry, the  
23 Department has engaged a number of outside  
24 experts to help us in this case, in the area of

1 return on equity, the review of the Allocated and  
2 Marginal Cost Studies and rate design, as well as  
3 revenue requirement issues. As you know, that  
4 type of thing takes time, and they're getting up  
5 to speed.

6 So, those are a brief outline of the  
7 preliminary issues that sort of jumped off the  
8 page at us as we went through this case. We've  
9 also spent quite a bit of time working on the  
10 temporary rates, as well as the procedural  
11 schedule. I want to talk about that for just a  
12 few minutes.

13 The Company did circulate a proposed  
14 procedural schedule, that incorporated the dates  
15 that the Commission has included in their -- in  
16 your procedural order. And we will be getting  
17 back to the Company on their proposal.

18 But a couple of things jumped out at  
19 us. We would like to explore, we, the  
20 Department, would like the Commission and the  
21 Company to explore the possibility of this case  
22 not ending on July 11th -- sorry, June 11th,  
23 2025, but sometime later, about a month later.  
24 We understand that the tariffs that were proposed

1 for approval, the Company is looking to implement  
2 those on August 1st, 2025. And that's the way  
3 they were presented in the case.

4 If you go into the very back of the  
5 20,000 pages, you'll find the proposed tariffs,  
6 and the effective date is "August 1st, 2024".  
7 And we believe it would be appropriate, and we  
8 understand that the Company is supportive of this  
9 approach, I think I'll let them speak for  
10 themselves, that a twelve-month suspension of a  
11 tariff from it's proposed effective date of  
12 August 1st, 2024, would get you to August 1st,  
13 2025, and, therefore, allow a decision in this  
14 case to be issued in late July, which would add a  
15 little bit more time to the procedural schedule.

16 The reason we would like a little bit  
17 more time is we think that the hearing dates that  
18 the Commission has established, occurring in  
19 March, fall a bit too soon in the procedural  
20 schedule, in order to allow the Department to do  
21 the investigations along the many issues that I  
22 just outlined with the experts that we've  
23 retained.

24 We think testimony being due -- I'm

1           sorry, hearings starting sometime in April or  
2           late May would be a more workable schedule. And  
3           backing up from that hearing date would be a  
4           settlement date, which I think the Commission has  
5           established as February 3rd. We would hope that  
6           that date could be pushed a bit further and a bit  
7           closer to the ultimate hearing dates. Right now,  
8           there's over a month in between the settlement  
9           agreement filing date and the first hearing date.  
10          We understand the rules allow for five days, and  
11          sometimes that's not enough. And, so, we  
12          understand a couple weeks would be appropriate in  
13          between the settlement filing date and the  
14          hearing date. But we would like the Commission  
15          to consider that, if they consider moving the  
16          hearing dates, to move the settlement date  
17          accordingly.

18                        This all sort of gets back to the date  
19                        of the intervenor testimony, which would include  
20                        the Department of Energy. The proposed schedule  
21                        by the Company has a fairly early date in that.  
22                        We are going to be seeking -- discussing with the  
23                        Company moving that date, to allow sufficient  
24                        time for the Department, and I assume the other

1           intervenors, to produce testimony that's robust  
2           and addresses all the issues that I outlined, as  
3           well as the many others that we're sure are  
4           contained in the 20,000 pages that we haven't  
5           come across yet.

6                         So, the hearing dates are very  
7           important, the settlement date is very important,  
8           and the corresponding date for filing intervenor  
9           testimony is likewise very important.

10                        So, I think that will wrap things up.  
11           And I think I went over my five minutes, but I  
12           appreciate the indulgence. I was going to say  
13           that I don't know that I would have agreed to the  
14           Powerpoint, if I knew I was going to be limited  
15           to five minutes. So, I appreciate the Commission  
16           letting me finish my prepared comments.

17                        Thank you.

18                        CHAIRMAN GOLDNER: No problem. And  
19           I'll offer some additional time, if anyone would  
20           like some additional time, because I allowed the  
21           Department twenty minutes. So, if anyone would  
22           look to add anything, we'll certainly accommodate  
23           that. We're running ahead of schedule.

24                        So, okay. So, let's move now to the

1 Office of the Consumer Advocate.

2 MR. CROUSE: Thank you. The OCA is  
3 aiming to strive under five minutes.  
4 Commissioner Simpson can just wave his hands and  
5 let me know when I am over on that.

6 CMSR. SIMPSON: Okay.

7 MR. CROUSE: I will start my  
8 preliminary statement addressing --

9 CMSR. SIMPSON: I'll keep time.

10 MR. CROUSE: Thank you. Starting now.

11 I'll start our preliminary statement by  
12 addressing a statement raised by Chairman Goldner  
13 at the start regarding the potential intervenor  
14 status. The OCA is not intending to object to  
15 the intervenors entering this docket, and so I  
16 don't need to be filing anything with that  
17 respect.

18 To the matter of -- or, to the extent  
19 that intervenors might need to be reminded to  
20 keep their issues to the general distribution  
21 rate issues, the OCA could be supportive of that.  
22 But we weren't intending to address each  
23 intervenor on the merits of their petition, since  
24 we weren't planning to object.



1           With respect to the issues that are  
2 overlapping with the Department of Energy's  
3 concerns, the OCA is interested in scrutinizing  
4 the Company's costs. We see that there's a  
5 significant request, and we do believe that  
6 deserves a robust and thorough review.

7           Given our concern surrounding  
8 vegetation management in other dockets, that's  
9 certainly an interest that the OCA will be  
10 following up on. We recognize that tree-trimming  
11 is out for bid. And, so, when those costs come  
12 in, we won't forget to look over those as well.

13           As the Department pointed out, we also  
14 have an interest in looking at the costs  
15 surrounding storm cost recovery, as well as the  
16 IT expense outlined in the Eversource testimony.

17           The OCA takes great interest in the  
18 Performance-Based Ratemaking Plan that would  
19 promote long-term cost control and what that  
20 might mitigate in regards to customer bills. The  
21 OCA intends to address how PBR can be used to  
22 serve the interests of residential customers.  
23 And we look forward to working with other  
24 stakeholders on this matter. We recognize that

1 Eversource has pursued a PBR or has a PBR in  
2 other states. So, we're interested in tailoring  
3 a PBR that makes sense in New Hampshire.

4 With respect to metering, the OCA has  
5 been long in favor of moving towards more  
6 advanced metering to see the benefits that can  
7 come from it. But we understand that the  
8 Company's explanation addresses its intention  
9 surrounding AMI. We intend to thoroughly explore  
10 that topic in our review.

11 We'll be looking at the proposed rate  
12 design to ensure that residential customers are  
13 treated fairly.

14 And I think that wraps up about our  
15 interests, to keep it succinct. Thank you.

16 CHAIRMAN GOLDNER: Thank you. And,  
17 finally, Walmart.

18 MS. HORNE: Good afternoon.

19 As detailed in our Petition to  
20 Intervene, Walmart buys a lot of energy from  
21 Eversource. And, so, increased rates obviously  
22 are an interest to Walmart, in that it -- they  
23 would impact the prices that they have -- that  
24 Walmart has to charge to its customers, and may

1 impact its ability to effectively do business in  
2 New Hampshire. So, Walmart is very interested in  
3 working with the Company and the other  
4 intervenors to ensure that any rate increase is  
5 reasonable and cost-based.

6 Walmart also has a very aggressive  
7 climate-neutral goal. And, so, some of the  
8 metrics addressed in the PBR is also of interest  
9 to Walmart, and we look forward to addressing  
10 those issues with the Company and the other  
11 intervenors as well.

12 Thank you.

13 CHAIRMAN GOLDNER: Thank you. And,  
14 because I offered some additional time, would  
15 anyone else like to add anything at this  
16 juncture?

17 *[No verbal response.]*

18 CHAIRMAN GOLDNER: Okay. Seeing none.

19 MS. CHIAVARA: Excuse me, Chairman.

20 Sorry.

21 I did want to just note, with the DOE's  
22 concern about the procedural schedule, that the  
23 Company is open to working with the  
24 flexibilities, I think we would support the legal

1 reading that the twelve-month clock can start on  
2 the day in which the -- that was listed on the  
3 effective date of the proposed tariffs, so, from  
4 August 1st, 2024, to August 1st, 2025. And I  
5 believe that would give us, I guess, almost six  
6 weeks to two months more to play with in the  
7 procedural schedule.

8 And, as far as the rest of the proposed  
9 dates in the Company's draft procedural schedule,  
10 we will work with the other parties to do what  
11 works for everybody.

12 CHAIRMAN GOLDNER: You wouldn't be  
13 concerned with an appeal? Appeal timeline could  
14 go past August 1st with the proposal in hand, I  
15 think, which would make the rates not effective  
16 on August 1st?

17 MS. CHIAVARA: So, in this  
18 hypothetical, the final order would come out  
19 August 1st, I guess?

20 CHAIRMAN GOLDNER: Well, Mr. Dexter  
21 might want to clarify when he was thinking --

22 MS. CHIAVARA: Yes.

23 CHAIRMAN GOLDNER: -- that the final  
24 order would -- or, what the deadline, the

1 twelve-month deadline would be. But I'm just  
2 exploring the question of an appeal.

3 MS. CHIAVARA: Right. So, I guess, for  
4 the rehearing period to close, it would have  
5 to -- the final order would have to come out  
6 around, I guess, July 1st, for that, too. So, it  
7 wouldn't be six weeks, right.

8 So, yes, for the rehearing period to  
9 close, then I guess it would be more like a  
10 July 1st hearing [sic] date. But I think that  
11 there are other dates that can probably be  
12 adjusted. And we'll work with DOE and OCA, and  
13 the intervening parties as well.

14 MR. DEXTER: If I might, utilities  
15 change rates all the time without a 30-day appeal  
16 period or a rehearing period passing. So, I did  
17 not consider that when I was looking at the  
18 schedule and came up with this. I don't think  
19 that's the practice. That I've seen rate case  
20 orders issued, you know, a day or two before the  
21 rates. And, usually, there is a short period of  
22 three to five days for the Company to process  
23 that through their billing systems.

24 But I don't think it's the practice to

1 build in a 30-day appeal period for rate changes.

2 CHAIRMAN GOLDNER: Yes. So, I'm just  
3 thinking out loud. But, I suppose, if nothing  
4 changes, which is also normal practice, then  
5 maybe there wouldn't be -- there wouldn't be any  
6 concerns.

7 But, if there were significant changes  
8 that came out of an appeal, one way or the other,  
9 the Company might be in flux for some time, if  
10 there was some kind of change in a major rate  
11 case.

12 And I think, Attorney Dexter, what  
13 you're referring to, or you might be referring  
14 to, is a smaller matter, smaller routine matters  
15 that we handle all the time.

16 But, if the rate case were to change,  
17 the answer were to change by \$50 million, or  
18 \$30 million, or something like that, I would  
19 assume that the Company would want to know  
20 earlier, rather than later.

21 That was really the point that I was  
22 trying to address.

23 MR. DEXTER: Sure. I can't speak for  
24 the Company on that. I just don't think it's

1           been the practice. The only rate case that I  
2           recall, in the seven or eight years that I've  
3           been doing them here, that was fully litigated,  
4           and the decision came out the day before the  
5           effective date of the rates, was the one I  
6           mentioned concerning prepayments, it was the  
7           EnergyNorth case, DG 17-048.

8                         In that case, there was a rehearing or  
9           a reconsideration, I remember a long  
10          reconsideration period. But I believe the rates  
11          were started to be billed right away.

12                        And, I guess, sure, there's always the  
13          possibility that that could change on appeal.  
14          But appeals are very slow. So, I can't imagine  
15          that -- well, I'll let the Company speak for  
16          itself.

17                        MS. CHIAVARA: Yes. So, I have a  
18          tendency to agree with Mr. Dexter. That, I mean,  
19          I would assume that, should there be an appeal,  
20          there would be some sort of reconciliation that  
21          would happen to make customers whole.

22                        But, I agree, I guess, if we were to  
23          wait for an appeal to be fully litigated, we'd be  
24          waiting for some time.

1           So, in the interest of keeping the  
2           train on the tracks, yes, I would say maybe not  
3           having to wait, and I know we don't with  
4           reconciling rates, this is a bit different. And  
5           I'll rely on Mr. Dexter's reconciliation -- or,  
6           recollection of previous rate cases, because I  
7           don't have that historic knowledge.

8           But it seems reasonable to probably  
9           have an order fairly close to the August 1st  
10          date, and allow rates to go into effect on  
11          August 1st.

12          CHAIRMAN GOLDNER: Okay. Anything else  
13          from any of the parties? Mr. Fossum.

14          MR. FOSSUM: Thank you. I'm Matthew  
15          Fossum, for the OCA.

16          I just, not to beat a dead horse on  
17          this particular issue, I just wanted to level-set  
18          on the difference between "reconsideration" and  
19          "appeal". For reconsideration, obviously, the  
20          Commission is very familiar with that process,  
21          how that happens. But my recollection of the  
22          appeal statute, RSA 541, it states that  
23          there's -- the decision of the underlying  
24          tribunal is not stayed by the court pending any



1 appeal.

2 So, presuming we get through the  
3 reconsideration period, then, absent there being  
4 extraordinary circumstances, I don't see the  
5 court having anything really to say about the  
6 case.

7 So, I, personally, don't see that as a  
8 large impediment to modifying the schedule in the  
9 way that you've been hearing about this  
10 afternoon.

11 CHAIRMAN GOLDNER: So, going back to  
12 the reconsideration issue, if the Commission were  
13 to issue an order on August 1st, and there were  
14 to be some kind of a filing for reconsideration  
15 by one of the parties, they could file that  
16 reconsideration within 30 days, and then I think  
17 the Commission has 30 days after that to deal  
18 with the reconsideration.

19 So, you're point, Mr. Fossum, a  
20 difference between the two -- the two terms, for  
21 sure. But aren't we really talking about 60 days  
22 before it goes to appeal?

23 MR. FOSSUM: I think, presuming for  
24 purposes of your hypothetical that a person -- an

1           entity does choose to seek reconsideration, and  
2           waits the full 30 days, and then the Commission  
3           waits a full 30 days to act, yes. I don't -- I  
4           guess it feels a little early in the process to  
5           assume that such a thing might happen. And, so,  
6           I'm going to err on the side of positivity and  
7           thinking that we can get there better.

8                   CHAIRMAN GOLDNER: Okay. Thank you.

9                   Okay. Very good. I think -- how long  
10           is the presentation, Attorney Chiavara?

11                   MS. CHIAVARA: Absent questions, and we  
12           assume there will be questions, but we're trying  
13           to keep the presentation portion to about 30  
14           minutes.

15                   CHAIRMAN GOLDNER: Okay. Mr. Patnaude,  
16           would you prefer a break now or in 30 minutes?

17                   *[Mr. Patnaude indicating that waiting*  
18                   *30 minutes for a recess is fine.]*

19                   CHAIRMAN GOLDNER: Okay. Let's proceed  
20           with the presentation, and then we'll take a  
21           break.

22                   MS. CHIAVARA: Okay. We may just have  
23           to do some technical things for the moment.

24                   Excuse me, sir. I believe we have

1           some -- we need to work with staff to actually  
2           get the technology up and running. So, would you  
3           mind if we took the break now?

4                   CHAIRMAN GOLDNER: Yes. Let's take  
5           a -- let's just take a -- ten minutes enough  
6           time, Attorney Chiavara?

7                   MS. CHIAVARA: Yes. That's fine.

8                   CHAIRMAN GOLDNER: Okay. Let's come  
9           back at 2:10.

10                  MS. CHIAVARA: Thank you.

11                           *(Recess taken at 1:58 p.m., and the*  
12                           *prehearing conference resumed at*  
13                           *2:15 p.m.)*

14                  CHAIRMAN GOLDNER: Okay. We'll go back  
15           on the record with the Eversource presentation.

16                  MS. CHIAVARA: Thank you, Chairman.  
17           And I'm going to turn it over immediately to Bob  
18           Coates to introduce our case.

19                  MR. COATES: Good afternoon.

20                           First, let me introduce myself. I am  
21           Bob Coates, the new President of New Hampshire  
22           Eversource Electric Operations. I've been --  
23           while I've only held this role for a short period  
24           of time, I have been with Eversource for over 36

1 years, with multiple leadership responsibility  
2 in -- escalating leadership responsibility in  
3 transmission, distribution, electric operations,  
4 and safety.

5 I'd like to thank you for the  
6 opportunity to introduce the Eversource  
7 distribution rate case proposal that seeks to  
8 recover the investments for storm restoration,  
9 vegetation management, system investments, to  
10 continue safely strengthening the electric system  
11 to improve reliability for our customers.

12 Since our last distribution rate case  
13 review in 2019, we have made the necessary  
14 investments of more than \$765 million into the  
15 electric distribution system, resulting in more  
16 than half of our Eversource customer outages in  
17 2023 being restored in fewer than five minutes by  
18 our remote system operators and technology,  
19 excluding storms.

20 New Hampshire is seeing stronger and  
21 more frequent storms resulting in significant  
22 damage to the system and increased power  
23 restoration costs. With three of the top-ten  
24 most impactful storms in the Company's history

1 occurring in the last four months, between --  
2 excuse me, the last -- occurring just in four  
3 months, between December 2022 and March 2023.

4 This proposed rate adjustment would  
5 allow us to continue to make targeted, thoughtful  
6 investments to help us avoid outages and restore  
7 customers faster when those outages do occur.

8 Today, the team plans to provide an  
9 overview of our filing, focused on a constructive  
10 performance-based ratemaking proposal, or "PBR".  
11 PBR enables a path forward for sound investment  
12 in our distribution system that will yield  
13 reliable electric service, a more resilient,  
14 diversified electric grid, while minimizing the  
15 administrative burden costs for all parties.

16 Most importantly, PBR has an eye  
17 towards increasing cost efficiencies, system  
18 performance, rate stability, and for regulatory  
19 transparency, as well as other benefits to our  
20 customers in the services that we provide.

21 With respect to rate stability, we are  
22 deeply cognizant of the fact that bill increases  
23 are difficult for customers, particularly in  
24 these challenging economic times.

1           We've worked to balance this important  
2           consideration with the need to invest in the  
3           system to address aging assets, reliability,  
4           increased impacts of vegetation and weather, all  
5           in the context of a growing reliance on  
6           electricity with increasing electrification in  
7           multiple customer sectors.

8           We will explain throughout the  
9           proceeding one key component of our PBR proposal  
10          is a ratemaking framework that is designed to  
11          avoid large, chunky rate increases for customers,  
12          and provide greater rate stability, with a  
13          gradual earned increase over time.

14          I'm extremely proud of the team, who's  
15          worked tirelessly to put this case together in a  
16          way that demonstrates true, direct benefits to  
17          our customers.

18          We know there's a considerable amount  
19          of information to digest in relation to our  
20          proposals. Our main objective in this case is to  
21          be helpful and transparent as possible for the  
22          Commission, OCA, DOE, and all docket  
23          participants, so that we can have a robust,  
24          informed discussion around the proposal, and

1 relevant policy and operational issues that  
2 people care about.

3 To that end, I appreciate your time. I  
4 will turn it over to Doug and Ashley to walk you  
5 through the presentation that will help break  
6 down the case into assessable pieces. We're  
7 happy to take questions during and afterwards.

8 Thank you.

9 MR. HORTON: Thank you, Bob. And thank  
10 you to the Commission.

11 My name is Doug Horton. I am the Vice  
12 President of Distribution Rates for Eversource.  
13 Again, I appreciate you taking the time. We have  
14 about fifteen slides of substance, and some more  
15 for background. As Ms. Chiavara mentioned, our  
16 goal is to just give a high-level overview.  
17 Certainly happy to take questions or comments  
18 along the way, or hold till the end, whatever is  
19 the preference of the Commission.

20 As Bob mentioned, I'll be presenting  
21 along with Ashley and Yi-An. I am trying to  
22 adhere to the 30-minute request. Ashley  
23 affectionately has warned me that that's going to  
24 be hard for me to do, but I will -- I'm stuck now

1           between a challenge of getting through it  
2           quickly, and Steve's two signs, which I think are  
3           pointed in my direction, to "Please Slow Down".  
4           So, I will do my best to get through this  
5           succinctly, and also --

6                            *[Chairman Goldner indicating that he as*  
7                            *a sign as well.]*

8                                        *[Laughter.]*

9                   MR. HORTON:   Yes.  We all have that  
10           same challenge.

11                            Of course, and Ms. Chiavara has some  
12           hard copies.

13                           CHAIRMAN GOLDNER:  Please approach the  
14           Bench.

15                                        *[Atty. Chiavara distributing*  
16                                        *documents.]*

17                           CHAIRMAN GOLDNER:  Thank you.

18                           MR. HORTON:  So, just starting with a  
19           brief overview, and it was mentioned by Mr.  
20           Dexter, Attorney Dexter, at the outset.  
21           Certainly, a major component of our case is the  
22           revenue deficiency, which we are presenting at  
23           \$182 million.

24                                        I'll mention that we have reached a



1 temporary rate settlement agreement that has been  
2 filed with the Commission, will be subject to a  
3 hearing later on this week. So, for today, I'm  
4 really focusing on the initial filing, and honing  
5 in on the permanent aspect of the rate case.  
6 And, again, we'll go into more details about that  
7 temporary rate adjustment later in week.

8 But the revenue deficiency of \$182  
9 million, and Ashley will speak to it, is driven  
10 by -- mostly by the need for system investments  
11 that have been made in the system. And I will  
12 touch upon the tangible benefits that customers  
13 are seeing, for improvements in reliability and  
14 restoration, driven in large part by those  
15 investments that have been made. Bob mentioned  
16 the increase in storm restoration costs, which is  
17 another main driver of our increase, as well as  
18 vegetation management expenses.

19 So, we certainly appreciate all of the  
20 concerns that have been raised. We know that  
21 every rate increase is difficult for our  
22 customers, and we take with great responsibility  
23 the obligation for us to defend every penny of  
24 the requested increase, and know that that will

1 be a main component of our permanent rate  
2 proceeding as we progress through time. And,  
3 also, as was mentioned, is a main reason for the  
4 volume of support that we have submitted, knowing  
5 that we have, again, an obligation and a  
6 responsibility to defend every single penny as  
7 being necessary in the cost of service that we  
8 deliver to our customers.

9 But, also, we feel that this is an  
10 opportunity for us to make a transition, and we  
11 hope that we can make great strides in this  
12 regard for a more administratively efficient and  
13 beneficial ratemaking approach for our customers,  
14 so that we are able to proceed with the level of  
15 investments that we know are necessary in the  
16 system, again, to deliver a safe and reliable  
17 electric grid, especially in light of the energy  
18 transition that is underway in the region, and  
19 the way -- different ways that our customers are  
20 relying upon and using our electric grids in the  
21 future.

22 Performance-based ratemaking is a  
23 concept that allows us to do that in a way that  
24 maintains incentives for the utility to operate

1 as efficiently as we can, and provide transparent  
2 accountability to our customers as we are  
3 operating between base rate-setting periods.

4 As part of that, we will propose and  
5 defend the proposal for capital investment  
6 support over the pendency of the  
7 performance-based ratemaking term, as well as  
8 providing discrete and enforceable metrics, that  
9 will provide an additional line of sight into our  
10 performance over time, while also creating a  
11 steady and predictable glide path in rate  
12 changes, with the idea of avoiding the type of a  
13 revenue increase that is necessary in this  
14 proceeding.

15 As we had talked about in our last rate  
16 case four years ago, we knew then and saw then  
17 the need for additional investments in the system  
18 due to age and asset condition, and we know that  
19 is a continuing need in the system, and feel that  
20 PBR is a way for us to be able to make those  
21 investments, while maintaining the incentives, as  
22 I said, for cost efficiency and transparency for  
23 our customers.

24 Onto Slide 3. As Bob mentioned, we've

1           invested nearly \$800 million in our distribution  
2           grid since our last rate case. And, from a  
3           customer performance perspective, we've great  
4           improvements in the level of service and  
5           reliability that we have been able to deliver to  
6           our customers.

7                        We're showing on the chart here the  
8           percentage of customers that we have been able to  
9           restore within five minutes, which, again, is a  
10          direct correlation to the level of automation and  
11          investments that we've made in the system to  
12          allow us to be able to safely and quickly reroute  
13          power in the face of an interruption, where, in  
14          2023, we had greater than 50 percent of our  
15          customers able to be restored in under five  
16          minutes.

17                       We, again, continue to see a need for  
18          this level of investment in the grid, and are  
19          looking to establish a ratemaking framework that  
20          would allow us to do that in an efficient way  
21          possible, while eliminating the need for there to  
22          be additional step adjustments or rate change  
23          requests over time outside the Performance-Based  
24          Ratemaking Plan.

1           Moving onto Slide 4. And, really,  
2           continuing with additional metrics, on the left,  
3           showing the SAIDI, and, on the right, showing the  
4           months between interruptions. Both have shown a  
5           steady improvement since our last rate case.

6           In the charts, we're also showing a  
7           comparison to our other jurisdictions, being  
8           Massachusetts and Connecticut. And this really  
9           is, I would say, a holdover from our last rate  
10          case, where we were trying to demonstrate that  
11          investments we've made in New Hampshire as being  
12          driven by the New Hampshire system, and the needs  
13          and our customer base in New Hampshire. And  
14          really just hammering the point here that,  
15          although we take a consistent, where applicable  
16          and appropriate, approach to how we deliver  
17          service to our customers, we do not have a  
18          one-size-fits-all approach. We really have  
19          different systems, different investment needs.  
20          And just to show that, although we are very proud  
21          of our track record of consistently improving the  
22          service to our customers, at least as it relates  
23          to SAIDI and MBI, we certainly see there as being  
24          a need for continued improvement, and especially

1 compared to our other state jurisdictions, New  
2 Hampshire has room to improve relative to the  
3 operations there.

4 We also, as part of our last rate case,  
5 and as a result of settlement conditions in that  
6 last rate proceeding, we undertook a number of  
7 efforts for a Business Process Audit to evaluate  
8 how we are approaching and managing our capital  
9 projects, as well as a separate third-party  
10 assessment of our system and our practices and  
11 policies. Those all have now been completed, and  
12 support our practices, our policies, and to  
13 support the way that we manage our projects and  
14 present our information. And we have done the  
15 best that we can to incorporate the findings and  
16 recommendations from those -- from those  
17 processes, and to how we're presenting our  
18 information and to how we're managing our  
19 business.

20 And, with that, I'll hand it over to  
21 Ashley to get into some more specifics about the  
22 revenue deficiency.

23 MS. BOTELHO: Good afternoon. Ashley  
24 Botelho, I'm the Director of Revenue Requirements

1 for Distribution. Thank you for the opportunity  
2 to talk about our case today.

3 So, our total revenue deficiency, as  
4 Doug cited earlier, for our permanent request, is  
5 182 million, driven primarily by the capital  
6 investment needs since our last rate case. So,  
7 although we've had annual adjustments in the form  
8 of step adjustments, our rate base has changed  
9 475 million since the last case. More than half  
10 of that, those investments, were not covered by  
11 our annual step adjustments. So, a significant  
12 driver of the deficiency is our investments in  
13 the system since the last rate case, as well as  
14 our IT system investments as well.

15 So, when you look at the leftmost  
16 column of the graph, that's our depreciation  
17 expense, enterprise IT, system expense, and then  
18 our return on investment as well.

19 The next major driver, which Doug  
20 referenced and Bob referenced, is we've seen a  
21 significant increase in storm frequency and  
22 severity. So, in our proposal, which we'll touch  
23 on, Ms. Chen will touch on later in the  
24 presentation, we have a request to increase our

1 Major Storm Reserve, as well as we're proposing  
2 recovery of the outstanding balance of storm  
3 costs. So, of that, of the 182 million  
4 deficiency that we're seeing, 47 million of our  
5 request is driven by storms.

6 Next, we are looking at vegetation  
7 management changes, expense changes, resulting  
8 from the fact that, in the test year, we  
9 purchased our share of poles from CCI. That  
10 results in an increase in vegetation management  
11 expenses we'll see going forward around those  
12 facilities.

13 And, then, lastly, other cost of  
14 service changes since our last rate case. So,  
15 our test year -- our prior test year, in the 2019  
16 case, was 2018. So, it's been six years since  
17 we've updated the O&M component of our  
18 distribution cost of service. We have seen  
19 increases since that timeframe.

20 Many of the normalizing adjustments and  
21 *pro forma* adjustments that Mr. Dexter referenced  
22 earlier are driven from changes since our last  
23 rate case. We're looking forward to the  
24 opportunity to address each one of those



1 adjustments. Our exercise in developing a  
2 distribution cost of service is to reflect a  
3 representative cost level of the costs that we're  
4 going to experience in our rate year. So, our  
5 normalizing adjustments that we reflect are for  
6 items that are out-of-period, nonrecurring. And,  
7 in a majority of those cases, they result in  
8 decreases to our cost of service.

9 So, very much looking forward to  
10 supporting the adjustments we've made in this  
11 case, and a full transparent process on those  
12 adjustments. And of note, so, in the test year,  
13 we reported to the Commission and other parties  
14 that the Company's earned distribution return on  
15 equity was 6.4 percent.

16 And moving to the next slide, these  
17 rate impacts are, as Doug mentioned earlier, we  
18 have arrived at a Temporary Settlement Agreement,  
19 so these rate changes do not reflect the results  
20 of that Agreement that we'll go over later this  
21 week. But our original request overall results  
22 in a rate increase of 11.94 percent, achieved in  
23 two steps per the temporary and permanent period.  
24 And, so, that's for, on average, for a total

1 customer.

2 And, then, we provide the individual  
3 rate class impacts, both for temp. and perm. in  
4 the charts.

5 I'll pass it back to Mr. Horton. I'll  
6 pass it back to Mr. Horton to go through an  
7 overview of Performance-Based Ratemaking.

8 MR. HORTON: Thank you. So, it's been  
9 mentioned a few times, and certainly looking  
10 forward to the technical sessions to get into it  
11 in greater depth, as well as the rest of the  
12 proceeding, because I know it is a novel proposal  
13 for New Hampshire.

14 But Performance-Based Ratemaking is a  
15 way that we hope we can make progress, as I said,  
16 to arrive at a ratemaking framework that allows  
17 us to have gradual rate changes over time, that  
18 will avoid and mitigate the large rate cases, or  
19 large changes that come with a rate case when  
20 we're updating our full cost of service.

21 Last year, the Commission had opened an  
22 investigation with its staff, to evaluate step  
23 adjustments, and understand how they were  
24 calculated, and whether and to what extent there

1 is value in having there be more uniformity in  
2 step adjustments, and also to ask "Are there ways  
3 that we can have a more efficient process?"  
4 Where the step adjustment process had been, my  
5 words, "bogged down" with some disagreements.  
6 And, so, we introduced in those comments the  
7 notion of performance-based ratemaking, as being  
8 a way that we can eliminate the need for several  
9 of the trackers, which, again, if we do arrive at  
10 a place where performance-based ratemaking can be  
11 implemented, part of that ratemaking construct  
12 would allow us to eliminate a number of the  
13 reconciling mechanisms that we currently have and  
14 litigate on an annual basis.

15 But the idea of performance-based  
16 ratemaking is to establish rates that set our  
17 level of revenues based on a study of what the  
18 average industry participant's cost trend is. In  
19 other words, coming out of the rate case, once we  
20 have a resolution of our proposal to require a  
21 \$182 million increase, whatever and however that  
22 is resolved, performance-based ratemaking would  
23 then come into play between the point at which  
24 those new rates are set and the next rate case

1 occurs.

2 And the idea of that, again, it's a  
3 more formulaic approach, that allows for rates to  
4 change on an annual basis based on the cost trend  
5 of an average industry participant. By setting  
6 rates at that level, it incentivizes the utility,  
7 it motivates the utility more than a traditional  
8 cost of service approach to operate at maximum  
9 efficiency, reducing the need for overall rate  
10 changes over time, and lowering our overall cost  
11 of service.

12 But, also, by having rates trend with  
13 our costs over time, it will result in a  
14 situation where we would not have the need for a  
15 large increase, like what we're seeing here, when  
16 our return -- earned return on equity has  
17 steadily degraded since our last rate case. If  
18 we can design a performance-based ratemaking  
19 framework properly, our rates would change more  
20 gradually over time, reflecting what we would  
21 expect to be our costs over time, inclusive of  
22 our need to earn a return, and adequate to  
23 attract capital to the system, so that we can  
24 make the ongoing system investments for our

1 customers. But, again, doing so in a way that  
2 retains maximum incentives for the Company to  
3 perform efficiently.

4 The benefits of PBR are outlined on  
5 Slide 9. And, again, as mentioned, greater rate  
6 stability, as opposed to a cost of service  
7 approach, generally, where all rates are updated  
8 in a rate case, and can tend to result in larger  
9 increases, as what we're -- in the absence of a  
10 Performance-Based Ratemaking Plan.

11 I've talked about the cost control  
12 incentives. And I've also mentioned the  
13 performance measures, which we'll talk about in a  
14 couple of slides.

15 But, also, there are guardrails in  
16 place, to ensure that rates are not getting out  
17 of whack with our actual costs overtime. So  
18 that, to the extent rates become too high,  
19 there's a credit built in for earnings sharing,  
20 as well as for future productivity gains, to give  
21 customers the value during the Performance-Based  
22 Ratemaking Plan of any productivity that's  
23 achieved during the period.

24 And, also, it's worth mentioning and

1 repeating, the administrative efficiency that can  
2 come with a performance-based ratemaking  
3 framework, both by having a longer period between  
4 full base rate cases, as well as avoiding the  
5 need for certain annual cost-reconciling  
6 mechanisms.

7 MS. BOTELHO: So, with the PBR proposal  
8 comes performance metrics. So, we've proposed  
9 metrics in five key areas. Some of which are  
10 "reporting-only" measures, and two of the  
11 measures are, within the "Reliability" category,  
12 are subject to penalties.

13 So, in the "Reliability" category, as I  
14 mentioned, there's two metrics tied to SAIDI and  
15 MBI, where we would be subject to penalties as  
16 part of that construct.

17 The other four categories focus on  
18 customer satisfaction and customer  
19 interconnections, right? So, both from a new  
20 customer perspective, as well as DER  
21 interconnections as well. And there's also  
22 several -- or, a metric on Active Demand Response  
23 and performance on that.

24 We've provided more details on each of

1 the metrics that are proposed within those  
2 categories, and they're in our appendix, if folks  
3 are interested in looking at how we've  
4 established targets. In some cases, we need to  
5 gather -- we need some years to gather the data.  
6 We don't have or have not been tracking the  
7 information historically. So, in some areas, we  
8 are proposing to track the information, and  
9 report out and establish a target and benchmark,  
10 at that point where we have a sufficient amount  
11 of information.

12 Others, like in the "Reliability"  
13 category, we have been tracking that information.  
14 We have proposed targets and benchmarks for that  
15 category.

16 So, with the PBR, and this is the area  
17 of PBR where we seek input from stakeholders, and  
18 we're looking for -- the PBR allows the  
19 Commission and other parties to track the  
20 Company's progress in certain -- in key areas in  
21 our performance. So, providing a transparency  
22 around our performance, the Company's  
23 performance, on an annual basis, through PBR.  
24 So, within the PBR tariff, there's annual

1 reporting requirements that would include our  
2 performance on these key metrics. And we would  
3 expect feedback from stakeholders and other  
4 parties in this proceeding on the metrics that  
5 we've proposed.

6 So, I will hand it over to Ms. Chen to  
7 talk about our Storm Proposal.

8 MS. CHEN: Good afternoon,  
9 Commissioners.

10 So, as you may recall from the last  
11 rate case Settlement Agreement, we are currently  
12 collecting 15 million in base rates as part of  
13 the storm cost amortization of the 60.5 million  
14 that was approved previously. And we are  
15 expecting that full 68.5 million [sic] to be  
16 fully recovered by August 1st, 2024.

17 So, and then also, as part of -- and I  
18 would also note that -- so, I will also note  
19 that, as part of the storm funding during the  
20 temp. period, in our initial filing in June, we  
21 are proposing to actually include temp. rates to  
22 recover the two dockets that have been fully  
23 approved and reviewed previously, which are the  
24 Docket 22-031 and Docket DE 23-051, totaling



1           24 million.

2                   And, as noted earlier, that there is  
3           some adjustment that we have made as part of our  
4           Settlement Agreement for the Temp. Rates that was  
5           filed last Friday. So, this does not reflect  
6           that.

7                   So, onto the next, I'll get here. So,  
8           the Company is also currently recovering 12  
9           million in base rates, and we are seeking to  
10          increase the annual storm reserve contribution to  
11          19 million. And the 19 million is a fund that  
12          has the most recent 10-year historical storm  
13          events that we are seeing, excluding anything  
14          that's above the 25 million as the major event.  
15          So that we know that that's probably still low.  
16          But, in consideration of the customer bill  
17          impacts, so we are, in this case, proposing to  
18          increase to only 19 million in the base rates as  
19          part of the Major Storm Cost Reserve here.

20                   And onto the next one. So, we are also  
21          proposing to amortize the 247 million over five  
22          years, and then that is related to the Docket  
23          24-041, that was filed earlier this year, in  
24          March. And the total costs -- I would just note

1           that the total costs, as filed in that filing,  
2           was 232 million. And, then, the 247 million  
3           referenced here includes the carrying charges as  
4           of August 1st, 2025, before amortization.

5                         And, then, also, as part of the  
6           Settlement Agreement in the last rate case, we --  
7           the Company is allowed to file a separate  
8           amortization mechanism for individual storms  
9           that's greater than 25 million. And, as part of  
10          this case, the Company is proposing to modify  
11          that, to allow a separate storm amortization when  
12          the Major Storm Reserve Adjustment Mechanism, the  
13          "SRAM", is in a surplus or deficit of 19 million,  
14          which is equal to one year of the MSCR funds that  
15          was -- that I just talked about earlier. And,  
16          then, that would be included as a new component  
17          in the RRA filing.

18                         And, as you, as the Commissioners, you  
19          might have already noticed, that there have been  
20          a lot of activity on storms in the past year, and  
21          that even year-to-date. So, we are -- we are  
22          trying to take that into account, and then  
23          requiring this modification in the event that the  
24          MSCR is underfunded in the future.

1           So, I'll pass it over back to Ashley.

2           MS. BOTELHO: Thank you, Yi-An. Thank  
3 you.

4           So, on to the other components, or  
5 other key components that we filed in this case,  
6 with our rate case proposal, we've also included  
7 a Distribution Solutions Plan supported by  
8 engineering and system planners, who are not here  
9 today, but I will do my best to support these two  
10 slides.

11           So, the intent of the Plan is to show  
12 the investments, the current state of the  
13 distribution system, and the investments planned  
14 over the PBR stay-out period, as well as what the  
15 forecasted system needs are beyond that  
16 timeframe, on a longer term horizon as well.

17           So, we've provided, as part of the  
18 Distribution Solutions Plan, our demand forecast,  
19 as well as our investments that are aligned with  
20 our demand forecast over that timeframe, that  
21 five- to ten-year timeframe.

22           On the next slide, we've identified, as  
23 part of the DSP, specific priorities, addressed  
24 by both Bob and Doug, that focus on investments

1 to address aging infrastructure, in order to  
2 maintain and continue on a path towards excellent  
3 reliability for customers. We are also -- we  
4 have investments that support increasing loads in  
5 certain areas of our system, as well as  
6 resiliency investments to harden the system for  
7 extreme weather.

8 So, our DSP supports total investments  
9 of approximately 1.4 billion in capital  
10 investment over the next five years, as detailed  
11 in that report. So, we have our engineering  
12 panel and system planners supporting the system  
13 needs over the horizon of the PBR term.

14 And, then, on the next slide, we just  
15 provide the case outline. So, here, we walk  
16 through the different areas of testimony, and the  
17 witnesses supporting that testimony, providing a  
18 case overview, which talks through the long-term  
19 Rate Plan structure, and provides details on PBR,  
20 both our temporary and permanent rate revenue  
21 requirement analyses, supported by myself and  
22 Ms. Chen. We also, I believe, have -- have two  
23 consultants, Mark Kolesar and Augie Ros,  
24 supporting performance-based ratemaking, not only

1 the theory, providing background on the theory  
2 and mechanism itself, as well as we produced a  
3 TFP, Total Factor Productivity Study in  
4 traditional PBR, which substantiates the results  
5 of the X-Factor, with, we also referenced  
6 earlier, that we've provided testimony  
7 surrounding performance metrics and details on  
8 how we're calculating in the different areas of  
9 performance metrics that we are proposing, as  
10 well as the DSP that we just went over.

11 Vegetation Management testimony  
12 supported by Mr. Allen; Customer Operations and  
13 Digital Strategy supported by our Customer Team;  
14 as well as Capital Planning and Additions support  
15 for our capital projects completed since the last  
16 rate case not included in the steps.

17 And we did provide in this case of  
18 note, in response to the Business Process Audit  
19 recommendations, total capital project  
20 documentation that demonstrates a compliance with  
21 our internal capital authorization policies. So,  
22 that's the reason for the length of the filing,  
23 is primarily that we've substantiated the capital  
24 projects with additional documentation that was

1 required or recommended coming out of the  
2 Business Process Audit.

3 And, then, we also, typical rate case  
4 testimony surrounding our depreciation -- update  
5 to our depreciation study, Allocated Cost of  
6 Service Study, as well as our Marginal Cost of  
7 Service Study supported by Amparo Nieto. And,  
8 then, our cost of capital study, which supports  
9 our requested ROE of 10.3, as well as our equity  
10 ratio.

11 And, then, Mr. Davis supports -- also  
12 provides testimony, both temp. -- temporary rate  
13 testimony, as well as permanent rate testimony,  
14 for rates, rate design, and the tariff changes.

15 So, moving to the next slide,  
16 Mr. Horton referenced earlier, as part of PBR, we  
17 are looking to amend, or eliminate in some cases,  
18 the current reconciling mechanisms, some current  
19 reconciling mechanisms that we have in place  
20 today. As part of our RRA and PPAM, we're  
21 looking to transfer the expenses to the  
22 distribution rates, and cease -- and eliminate  
23 the annual reconciliations for costs beyond  
24 August 1st, 2024.

1           So, I highlight the different  
2           components of the RRA in the first bucket. We  
3           also, as part of PBR, our PBR Proposal,  
4           eliminating lost base revenue calculations  
5           associated with net metering and energy  
6           efficiency.

7           We did, as referenced by Ms. Chen  
8           earlier, we did add a provision for the Storm  
9           Reserve Adjustment Mechanism, in the event that  
10          the MSCR is underfunded.

11          So, PPAM, similar to the RRA, we're  
12          looking to transfer expenses to base rates, and  
13          eliminate the annual reconciliation for costs  
14          after August 1st, 2024.

15          There is a new tariff related to  
16          Performance-Based Ratemaking that dictates the  
17          annual reporting requirements, both for  
18          performance metrics, as well as the calculation  
19          itself of the annual revenue adjustments.

20          And, then, other rate change -- other  
21          redlined tariff changes have been included for  
22          customer, meter, and distribution charges, as  
23          supported by Mr. Davis in the case.

24          Lastly, so, in addition to the required

1 customer statement of rate schedule changes  
2 required by the PUC, we also spent a lot of time  
3 thinking about how to communicate to customers in  
4 different forms. So, this slide is just an  
5 overview of the different media and streams of  
6 communications that we've had with customers  
7 since filing the case, and that will continue  
8 throughout -- throughout the case, as well as we  
9 approach the rate change period.

10 So, with that, typically, we provide a  
11 one-pager of rate case facts, Frequently Asked  
12 Questions. Our Call Center has talking points  
13 for business and residential customers, as well  
14 as there's a customer email that gets sent out.  
15 We also have outreach that's performed by Account  
16 Executives for large customers, municipal  
17 officials, and legislators.

18 We have a landing page for our rate  
19 case on our webpage, as well as we've had a news  
20 release, and various social media postings.

21 So, that concludes our presentation.  
22 We're happy to take any questions on any  
23 components that folks have.

24 CHAIRMAN GOLDNER: Okay. First, thank



1           you to Eversource for pulling together the  
2           executive-level summary. We've talked about it a  
3           little bit before hearing, but not specifically  
4           in this docket. So, we appreciate the proactive  
5           view, and pulling this together. So, thank you  
6           for that.

7                        I'll turn to Commissioner Simpson and  
8           Commissioner Chattopadhyay, to see if there's any  
9           questions that they have for the Company?

10                      CMSR. SIMPSON: No questions for me at  
11           this time. Thank you.

12                      CMSR. CHATTOPADHYAY: If you go to  
13           Page 10, just want to confirm something.

14                      I think I heard that there are  
15           incentives and penalties for just the  
16           "Reliability" box, or is it for the other ones as  
17           well?

18                      MS. BOTELHO: Just the "Reliability" --  
19           oops, excuse me. Just the metrics, there's two  
20           metrics in the "Reliability" bucket that are  
21           subject to penalties.

22                      CMSR. CHATTOPADHYAY: SAIDI and MBI?

23                      MS. BOTELHO: SAIDI and MBI. The other  
24           measures are "reporting-only" measures, so not

1 subject to penalties or incentives.

2 One thing of note in the "Reliability"  
3 category, in the appendix we do tag the type of  
4 measure as a "penalty" or "incentive". The  
5 incentive component of that would be, in any year  
6 that we've exceeded performance beyond our  
7 target, we could put aside -- put aside that  
8 amount for -- in case of a future penalty. And,  
9 so, that it's not an incentive, *per se*, where we  
10 would be awarded a payment. But, in the instance  
11 that we've had a really stellar performance year  
12 on a metric, and, essentially, in a following  
13 period, we haven't met the benchmark, we could  
14 use the "bank", *per se*, for a future measure.  
15 So, it's not an incentive payment, but there is  
16 an element of incentive in the measure.

17 CMSR. CHATTOPADHYAY: As for the other  
18 four categories, do you -- do you know whether  
19 other utilities use them? How do they use them?  
20 You know, whether it's in your jurisdiction or in  
21 other states? I'm just curious.

22 MS. BOTELHO: Yes. Sure. I can start,  
23 and then, Doug, you can add.

24 So, we do have performance metrics in

1           our other -- in the Massachusetts jurisdiction in  
2           which we operate PBR, PBR plans for. We have  
3           similar metrics, but also tailored to the goals  
4           of the state.

5                        So, I would say, in our Massachusetts  
6           jurisdiction, we do have a customer satisfaction  
7           measure, we have a demand response measure.  
8           Service quality measures in Massachusetts look a  
9           little different, based on historical proposals,  
10          service quality proposals.

11                       But, generally, the exercise that we go  
12          through is we propose the measures, it's a  
13          collaborative process through the rate case  
14          proceedings in which we're proposing PBR, where  
15          folks are providing input into those measures.  
16          We've adopted certain measures from stakeholders  
17          in the past in certain -- in certain proceedings.

18                       So, this is tailored, the measures  
19          we've proposed here are tailored to what we think  
20          is important for the State of New Hampshire in  
21          the context of a PBR Plan, but definitely open to  
22          feedback. Many of these measures here are  
23          consistent with measures we have in other  
24          jurisdictions.

1 CMSR. CHATTOPADHYAY: So, there are  
2 benchmarks out there already then? It doesn't  
3 have to be about New Hampshire. I'm just saying,  
4 there are benchmarks for the other categories  
5 that should be out there?

6 MR. HORTON: I think, in some cases,  
7 there could be. What we're trying to do, we  
8 have -- we're at various stages of PBR and metric  
9 development in our other jurisdictions anyways,  
10 in Massachusetts and Connecticut.

11 So, we, in terms of the metrics that we  
12 are proposing, I would say there's a range. On  
13 the one hand, things that we have a solid  
14 baseline for, are within our control, and things  
15 that we can establish a target for, puts things  
16 in a nice, neat box. Other things that are new,  
17 we don't track today, we don't have a baseline,  
18 we tend to want to resist establishing an  
19 industry benchmark as being tying to our  
20 performance, whether it be with an incentive or  
21 with a penalty measure, because the devil is in  
22 the details. There could be an industry -- a  
23 reason why the industry may be trending worse or  
24 better than our particular, you know, footprint

1 here, in New Hampshire, that would, you know,  
2 cause us to not support there being an incentive  
3 or a penalty tied to it.

4 So, I think a long way of saying, there  
5 could be metrics useful for us, benchmarks useful  
6 for us to be aware of, but may not necessarily  
7 have a direct tie or appropriate to have a direct  
8 financial tie at this point in time.

9 But a lot of what we're trying to do  
10 here is start the process. Because, with  
11 anything to have a financial tie, I certainly  
12 feel strongly it has to have -- you have to have  
13 an established baseline, you have to be able to  
14 objectively measure your performance, so that  
15 you're -- we're able to show that we're either  
16 doing better, and, therefore, are able to defend  
17 the need to have there being an incentive, or,  
18 conversely, a penalty if we're doing worse. As  
19 opposed to just, you know, starting right out of  
20 the gate with a financial tie to a specific, you  
21 know, activity that may not be directly a result  
22 of our actions.

23 CMSR. CHATTOPADHYAY: My question  
24 really wasn't trying to see whether it can be

1 used in New Hampshire or not. I was trying to  
2 simply get an answer for, some of these things,  
3 are there standard ways to look at benchmarks?  
4 That's the thrust.

5 And, so, while I understand your point,  
6 I'm just curious whether, for example, active  
7 demand response, just like SAIDI is a pretty  
8 standard metric, is there something out there  
9 that is being used as a benchmark?

10 I'm going to leave it at that, because  
11 this is a prehearing, you know, conference. So,  
12 thank you.

13 MR. HORTON: Thank you.

14 CHAIRMAN GOLDNER: I'll just make a  
15 couple of quick comments.

16 So, this might be in the filing, I  
17 admittedly am not all the way through Page 20,000  
18 at this point. But, you know, if you look at  
19 Page 3, for example, you know, we would want to  
20 understand what the -- you know, specifically,  
21 what the investments were, and the evidence for  
22 why those improvements can be connected to those  
23 specific investments. So, it's, you know,  
24 clearly, things are improving. But, you know,

1 did -- you know, was the investment appropriate?

2 And, so, those specifics will be, I  
3 think, welcomed by the Commission, and perhaps  
4 the parties, too.

5 On Page 5, another example of just a  
6 comment, there's the assertion here that "the  
7 severity of storms are increasing". And, so, we  
8 would look for evidence on that. So, you might  
9 want to go back and get 20 years or 50 years or  
10 100 years, or something, but show the Commission  
11 and the parties what the evidence is for those,  
12 not that you spent more due to the storm, but  
13 that the storm itself was more severe.

14 So, we would want evidence on all of  
15 these assertions. These are just a couple of  
16 examples to illustrate what we'll be looking for,  
17 I think, in the rate case.

18 So, okay. I think, also, I would like  
19 to -- I've been told that Attorney Tower came in  
20 after the proceeding started. So, I'd just like  
21 to acknowledge, and see if you would have any  
22 preliminary comments that you would like to offer  
23 on behalf of your client?

24 MR. TOWER: Thank you very much. And I

1 apologize for my late timing.

2 I'm with New Hampshire Legal  
3 Assistance. We are representing the intervenor  
4 Mary Ellen O'Brien Kramer.

5 And our primary interest in this  
6 proceeding is the impact that it may have on the  
7 New Start Program. Ms. O'Brien Kramer has  
8 benefited substantially from the New Start  
9 Program. And it is possible that it could be a  
10 program in the future that may, again, at some  
11 point, impact her life. So, she is very invested  
12 in making sure that it is retained going forward,  
13 so that other households can benefit from it, in  
14 the way that she has.

15 Thank you very much.

16 CHAIRMAN GOLDNER: Okay. Thank you.

17 Okay. I'll just check to see with  
18 everyone here if there's anything else that we  
19 need to cover today? Anyone?

20 *[No verbal response.]*

21 CHAIRMAN GOLDNER: Okay. Well, thank  
22 you.

23 The Commission will issue a prehearing  
24 order in the near future regarding the matters



1 presented today. And we are adjourned. Thank  
2 you.

3 *(Whereupon the prehearing conference*  
4 *was adjourned at 2:57 p.m., and a*  
5 *technical session was held*  
6 *thereafter.)*

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