

STATE OF NEW HAMPSHIRE

BEFORE THE PUBLIC UTILITIES COMMISSION

DIRECT TESTIMONY OF ASHLEY N. BOTELHO

**PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY
PROPOSED 2025 SYSTEM BENEFITS CHARGE RATE CHANGE**

December 13, 2024

Docket No. DE 24-115

1 **I. INTRODUCTION**

2 **Q. Please state your name, by whom you are employed and in what capacity.**

3 A. My name is Ashley N. Botelho. My address is 247 Station Drive, Westwood,
4 Massachusetts 02090. I am the Director of Revenue Requirements, Distribution for
5 Eversource Energy Service Company (“ESC”).

6 **Q. Please provide your educational and professional background.**

7 A. I graduated from Drexel University in Philadelphia, Pennsylvania in 2010 with a Bachelor
8 of Science in Business Administration, with a concentration in finance. In 2013, I
9 graduated from the Bryant University Graduate School of Business with a Master of
10 Business Administration degree. I began working as a contractor for NSTAR Electric in
11 July 2010 in support of NSTAR Electric’s Smart Grid programs. In October 2011, I was
12 hired as a Smart Grid Associate Project Manager. In December 2012, I assumed the role
13 of Analyst in Revenue Requirements. In July 2014, I was promoted to a Senior Revenue

1 Requirements Analyst. In January 2018, I was promoted to Manager, Revenue
2 Requirements. In July 2022, I was promoted to my current role of Director, Revenue
3 Requirements, for Distribution.
4

5 **Q. What are your principal responsibilities in your current position?**

6 A. In this position, I am responsible for the oversight, coordination and implementation of
7 revenue requirement calculations in base distribution rate proceedings as well as other
8 proceedings before our state regulatory agencies in Massachusetts and New Hampshire. I
9 have previously supported base distribution rate proceedings for the Connecticut operating
10 subsidiaries of Eversource Energy. I am also responsible for the oversight, coordination,
11 and implementation of revenue requirement calculations for the Massachusetts and New
12 Hampshire operating subsidiaries of Eversource Energy, including NSTAR Electric
13 Company, NSTAR Gas Company, Eversource Gas Company of Massachusetts and Public
14 Service Company of New Hampshire, each d/b/a Eversource Energy. In addition, I have
15 the overall responsibility for regulatory interfaces for all revenue requirement-related
16 filings before the Massachusetts Department of Public Utilities (the “Department”) and
17 New Hampshire Public Utilities Commission (the “Commission”).

18 **Q. Have you previously testified before the New Hampshire Public Utilities Commission**
19 **(the “Commission”)?**

20 A. Yes, I have testified in the Company’s most recent base distribution rate proceeding in
21 Docket No. DE 24-070.

1 **Q. What is the purpose of your revised testimony?**

2 A. The purpose of my revised testimony is to present and support the estimated calculation
3 of the lost base revenue (“LBR”) component of the SBC proposed for effect in 2025. My
4 testimony explains what is contained in Attachment E3 (Revised), which provides the
5 estimated calculations of the LBR rate component of the SBC for Eversource. The
6 testimony provides an explanation of the changes made to the LBR rate component to
7 account for the directives of HB 549, which amended RSA 374-F:3, VI-a (“HB 549”) and
8 the change due to the approval of the Settlement Agreement and implementation of
9 Temporary Rates effective August 1, 2024 in the Company’s most recent base
10 distribution rate proceeding in Docket No. DE 24-070.

11

12 **Q. Why is the Company submitting revised testimony in this docket?**

13 A. On December 11, 2024 the Commission issued a notice of adjudicative proceeding and
14 notice of hearing (“Notice”). In that notice, the Commission expressed concern
15 “regarding the combining of the EE rate and the LBR rate component proposals into a
16 single petition by Eversource, with the EE rate component being kept separate from the
17 Docket No DE 24-113 EE rate proceeding involving the other electric and gas utilities,
18 and with the LBR rate component filing being made significantly later than in 2023.”
19 (Notice at 3). This concerned coupled with the practice established last year to have a
20 hearing on Eversource’s lost base revenue (“LBR”) rate, the Commission scheduled a
21 hearing for December 26, 2024 with an aim to issue an order in time for an effective date
22 of January 1, 2025.

1 To remedy this, the Company submitted a motion to amend the petition to remove the EE
2 portion of the SBC to be filed in Docket No. DE 24-113 for consideration and approval
3 there, so that the LBR portion of the rate can be considered alone in this docket. The
4 LBR rate need not have a January 1 effective date. The Company requested this in part
5 out of past practice, in part because of the combination with the EE portion of the SBC,
6 and for efficiency of implementation. The Company understands that a December 1
7 filing did not provide much time for review if there is to be a January 1 effective date.

8
9 Eversource also proposes to modify its petition for an LBR effective date of February 1
10 so that the parties and the Commission have sufficient time for review. If the
11 Commission would prefer more time, the Company is amenable to extending the
12 effective date beyond February 1 and respectfully requests that the Public Utilities
13 Commission (“Commission”) reschedule the hearing currently scheduled for December
14 26, 2024 for some time after the new year. As a fully reconciling rate, customers will not
15 be harmed by a later effective date. The credit customers will receive is collecting
16 interest at the prime rate to ensure customers receive the full benefit.

17 **II. EE COMPONENT OF THE SBC**

18 **Q. What is the Company’s proposal for review and approval of the EE component of**
19 **the SBC rate?**

20 A. As discussed above, the Company is amending its petition in this docket to remove the
21 EE portion of the SBC rate from this docket and move it to Docket No. DE 24-113 so

1 that the lost base revenue (“LBR”) component of the SBC can be evaluated alone in this
2 docket.¹ RSA 374-F:3, VI-a(d)(2) requires that the EE component of the SBC be
3 adjusted each year on January 1 according to the consumer price index, and as calculated
4 and determined by the New Hampshire Department of Energy. Adjustments to the LBR
5 portion of the SBC have no such timing obligations.

6
7 By moving the EE portion of the SBC to Docket No. 24-113 it allows for the EE rate to
8 be reviewed and approved together with all utility EE and LDAC rates and separately
9 from the Company’s LBR rate. This has a dual benefit: it will leave the LBR to be
10 considered individually in this docket without creating a new docket, and it will eliminate
11 the time constraint for approval of the LBR, as there is no legal requirement for the
12 effective date of changes to LBR. The only reason there was a time constraint was due to
13 the Company combining EE with LBR.

14
15 **III. LBR COMPONENT OF THE SBC**

16 **Q. What is the estimated LBR component of the SBC and how was it calculated?**

17 A. HB 549 states, “the joint utility energy efficiency plan and programming framework and
18 components, including utility performance incentive payments, lost base revenue
19 calculations, and Evaluation, Measurement, and Verification process that were in effect
20 on January 1, 2021, shall remain in effect until changed by an order or operation of law

¹ As part of the SBC rate filing in Docket No. DE 24-113, the Company includes the statutory EAP rate of \$0.00150 per kWh. Consistent with current statutory authority, this rate remains unchanged from prior plan filings.

1 as authorized in subparagraphs (3) and (5).” Consistent with this legislative directive,
 2 Eversource “trued-up,” or reconciled, the most recent actual LBR rates and also
 3 calculated an estimated LBR rate for effect on January 1, 2025, as shown in the table
 4 below:

Lost Base Revenue (LBR) Rate (\$ per kWh)				
<u>Effective Date</u>	<u>Proposed Rate</u>	<u>Approved Rate</u>	<u>Docket No.</u>	<u>PUC Order No.</u>
January 1, 2022		\$0.00065	DE 17-136	26,323 (December 31, 2019) at 16
May 1, 2022		\$0.00185	DE 20-092	26,621 (April 29, 2022) at 36
January 1, 2023		\$0.00205	DE 20-092	26,621 (April 29, 2022) at 36
January 1, 2024		\$0.00178	DE 23-080	26,922 (December 22, 2023) at 3
January 1, 2025	\$(0.00131)		DE 24-xxx	TBD

5
 6 For the estimated rate effective January 1, 2025, the LBR portion of the SBC rate, which
 7 will be a credit of \$0.00131/kWh, was calculated using the sum of the preliminary 2024
 8 LBR over recovery amount carried into 2025 (totaling \$13,525,000²), the forecasted LBR
 9 revenue, further described below, and the estimated current year interest charges to be
 10 carried over on any over or under recovery amount, the total of which is then divided by
 11 the forecasted sales. The over or under collection of revenue occurs as a result of
 12 differences between the actual revenue collected from the LBR rate, and the preliminary
 13 calculated LBR. Over or under collections typically result from variances between: 1)
 14 actual sales volumes and forecasted sales volumes, and 2) actual measure savings and

² Attachment E3, Page 10, Line 4, Col. B

1 forecasted measure savings. In both instances, the forecasted numbers were used to
2 calculate the estimated LBR portion of the SBC rate. However, in this instance, the over
3 recovery was driven by the Company's rate case filing on June 11, 2024 and the use of
4 2023 as a test year. For each year, the Company reflects the preliminary LBR based on
5 an estimate of savings of planned measures through the upcoming rate year period. i.e.
6 for the Company's filing submitted in 2023, the Company reflected a preliminary
7 estimate for the 2024 rate year using the estimated savings from 2019 through December
8 31, 2024. At the time the Company sought approval for the 2024 LBR rate, the
9 Company had not submitted its rate case filing and did not reflect a "reset" of LBR
10 occurring in 2024 for measures installed as of the test year end, 2023. In this filing, the
11 Company has "reset" LBR for 2024 resulting in a credit for the over collection from
12 customers, inclusive of any carrying charges.

13 **Q. Please explain the contents of Attachment E3 submitted on December 13, 2024.**

14 A. The LBR rate calculations and supporting documentation are provided on pages 1
15 through 13 of Attachment E3.

- 16 • Page 1 provides a summary of the LBR portion of the SBC rate for each of the
17 years in the three-year plan, which includes the sum of the forecasted LBR in
18 each plan year, the prior plan year over or under recovery balance (with interest),
19 and the interest from the subject plan year to calculate the total estimated LBR
20 revenue for each plan year in the three-year plan. The total LBR revenue is then

1 divided by the forecasted sales to arrive at the estimated LBR component of the
2 SBC rate.

- 3 • Pages 2 to 2E provide the supporting calculations for LBR for calendar year 2023.

4 The LBR for 2023 and prior has been updated to reflect the approval of new base
5 distribution rates resulting from the Temporary Rate Settlement Agreement in
6 Docket No. DE 24-070 effective August 1, 2024³. The Company is eligible to
7 reflect cumulative savings for energy efficiency measures installed through July
8 31, 2024, the date prior to the base distribution rate change in Docket No. DE 24-
9 070. The Company proposes that the amount of LBR for January 1, 2024 through
10 July 31, 2024 is reviewed as part of recoupment in Docket No. DE 24-070 similar
11 to past practice in the Company's last rate case in Docket No. DE 19-057.

12 Therefore, it has not included LBR associated with January 1, 2024 through July
13 31, 2024 for energy efficiency measures installed prior to July 31, 2024 as part of
14 this filing.

15
16 In this filing, the LBR reset removes 100 percent of LBR recognized through the
17 end of the Company's most recent test year, calendar year 2023, as filed in
18 Docket No. DE 24-070. This included the removal of all LBR associated with
19 measures installed prior to 2023 and not previously reset through a rate case or

³ Order No. 27,041 (July 31, 2024)

1 retired (\$11,972,027), and all LBR associated with measures installed in 2023 and
2 recognized within 2023 (\$673,944).

3 Because LBR does not capture the full amount of annual savings for measures
4 until the year following their installation, the LBR calculation contains the
5 residual LBR for measures installed within 2023, amounting to \$1,082,358. As a
6 hypothetical example, a measure that saves 120 kWh annually will save 10 kWh
7 per month within the LBR calculation. However, if this measure began
8 recognizing LBR in September of 2023, only 40 kWh of the 120 annualized kWh
9 was recognized prior to the end of the test year (10 kWh in each of September,
10 October, November, and December). The remaining 80 kWh is the residual
11 annualized LBR savings associated with that measure and remains within the
12 LBR calculation until the measure retires, LBR is reset within a future rate case,
13 or LBR is replaced by an alternative mechanism approved by the Commission.
14 This residual annualized LBR (depicted on Page 2, Column B, Lines 1-4) is
15 divided by 12 and recovered through the LBR rate on a monthly basis (depicted
16 on Page 2, Lines 7, 10, 15, and 20) until one of the aforementioned events occurs
17 to remove those savings from the calculation.

- 18 • Pages 3 to 4 provide the supporting calculations for LBR for calendar years 2024
19 and 2025 using residual⁴ (2023), estimated/forecasted (2024), and forecasted
20 (2025) kWh savings and rates. Measures installed after 2018 have LBR

⁴ 2023 Residual kWh/kW savings per Attachment E3, page 5.

1 calculated by adding two “separate” calculations: (1) the kWh savings that are
2 multiplied by the sector’s kWh LBR Average Distribution Rate (“ADR”); and (2)
3 the kW savings that are multiplied by the sector’s kW LBR ADR. The sum of
4 these two calculations results in the total LBR for measures installed. Beginning
5 on August 1, 2024, the Company reflects the sector’s kWh and kW ADRs
6 resulting from Order No. 27,041, which approved the Temporary Rate Settlement
7 Agreement in Docket No. DE 24-070 and took effect August 1, 2024.⁵

- 8 • Pages 5 to 7 provide the (i) reconciliation of LBR for 2023 using actual monthly
9 revenues collected against actual LBR to determine the over or under recovery,
10 plus interest, that was carried over into the 2024 plan year; and (ii) preliminary
11 reconciliations of actual (collected thus far) and forecasted monthly revenues
12 against estimated (2024) and forecasted (2025) LBR for the calendar years 2024
13 and 2025.
- 14 • Page 8 provides ADRs from calendar year 2023 (test year for Docket No. DE 24-
15 070) and the period January to August 2024 for use in the calculation of the LBR.
- 16 • Page 9 provides the total SBC rate bill impacts for 2025, as compared to rates
17 effective November 1, 2024.
- 18 • Pages 10 through 13 provide additional details supporting the calendar year 2023
19 and calendar year 2024 (through August 31, 2024) ADR calculations for each
20 customer class.

⁵ Sector kWh and kW average distribution rate calculations per Attachment E3, page 8

1 **Q. Are there changes in the way that LBR is calculated for the upcoming year**
2 **compared with last year?**

3 A. LBR for all years of the three-year plan were calculated consistent with the mandate of
4 HB 549, which states that LBR must be calculated and implemented in the same manner
5 as it was on January 1, 2021. Therefore, there is no difference in the LBR calculation
6 methodology for each year shown. Additionally, the reset of the LBR has been performed
7 consistent with the Company's prior LBR reset, which was made in conjunction with the
8 Company's last rate case in Docket No. DE 19-057.

9 **Q. Please describe how kWh savings are derived for the first month of a new measure's**
10 **installation.**

11 A. Consistent with sections III and IV and Appendix A and B of the EERS Working Group
12 Report on LBR⁶, which is how LBR was calculated on January 1, 2021 and therefore
13 how LBR should be calculated by law, when calculating forecasted savings, a 50-percent
14 factor is applied to reflect that installations occur across any given month rather than all
15 occurring on the first of the month. When calculating actual savings in the calendar year
16 reconciliation, 100 percent of savings are claimed beginning in the month that includes
17 the paid date – which is on average two months after measures are installed and
18 generating savings.

⁶ For the EERS Working Group Report, please see -
https://www.puc.nh.gov/EESE%20Board/EERS_Working_Groups.html

1 **Q. Please describe how Eversource has accounted for 2023 test year savings from the**
2 **proposed rate case in Docket No. DE 24-070, within the calculation of LBR.**

3 A. Consistent with the Settlement Agreement approved by the Commission in Docket No.
4 DE 19-057 in Order No. 26,433 (December 15, 2020), measures installed prior to the test
5 year are incorporated into the cost of service and revenue requirement and therefore are
6 not included in the calculation of LBR savings. Thus, measures installed prior to the 2023
7 test year in the pending distribution rate case in Docket No. DE 24-070 were incorporated
8 into the cost of service and revenue requirement and therefore are not included in the
9 calculation of LBR savings. For measures installed during the 2023 test year, a portion
10 of the annualized savings were not fully recognized in 2023 and therefore, the residual
11 savings that were not recognized in the test year were not incorporated into the revenue
12 requirement, consistent with the calculations that resulted from the Docket No. DE 19-
13 057 Settlement Agreement. Those residual savings not fully recognized in 2023 remain
14 in the 2023 LBR calculations included in the cumulative kWh savings in this filing.
15 Please also refer to the description and illustrative example on Page 9 of this testimony
16 for additional clarification.

17
18 **Q. Are there any other considerations from the pending rate case in Docket No. DE 24-**
19 **070?**

20 Yes. If the Company's proposed Performance Based Ratemaking ("PBR") Plan is
21 approved in Docket No. DE 24-070, the Company will receive revenue support through
22 annual PBR adjustments that will allow for the elimination of certain adjustment

1 mechanisms going forward. Should the Commission approve the Company's PBR Plan,
2 the Company would eliminate LBR recovery associated with the EE programs to promote
3 administrative efficiency for the Commission and the Company. As such, LBR amounts
4 included in this filing for 2024 and 2025 will be subject to future reconciliation pending
5 the final outcome in Docket No. DE 24-070, regardless of whether the Company's PBR
6 plan is approved or rejected.

7 **Q. Please describe the derivation of the ADRs used in the calculation of LBR.**

A. Consistent with section V of the EERS Working Group Report⁷, the ADR used in the
LBR preliminary reconciliation calculation for 2024 utilizes the distribution rates in
effect during the 2023 period using billing determinants for the 12-month period ending
December 31, 2023. The ADR used in the LBR preliminary reconciliation calculation for
2025 utilizes the distribution rates in effect during the 2024 period using billing
determinants for the 8-month period ending August 31, 2024, the most up to date billing
determinants available.

8 **Q. Please describe how Eversource has accounted for retirements in the calculation of**
9 **LBR.**

10 A. Consistent with sections III.F and IV.F. of the EERS Working Group Report⁸, any
11 savings associated with measures that are retiring within the calendar year are removed

⁷ *Id.*

⁸ *Id.*

1 from the LBR calculation. A separate line showing retired measures, if applicable, is
2 provided in the schedules supporting the LBR calculation and as measures retire will
3 reflect the savings being removed from the calculation.

4 **Q. Please explain why the 2024 LBR reconciliation is considered a preliminary**
5 **calculation.**

6 A. The 2024 LBR reconciliation is a preliminary calculation because the 2024 LBR savings
7 are an estimate and have not been finalized at the time of this filing. The final 2024 LBR
8 and any resulting over or under recoveries will be calculated in the 2024 annual
9 performance filing made on June 1, 2025. Any over or under recoveries will be carried
10 forward into the 2026 LBR rate filed on December 1, 2025 and would reflect any changes
11 resulting from the Company's pending rate case request. In addition, a carrying charge is
12 applied to the cumulative over or under recovery balance on a monthly basis using the
13 Prime Rate and is carried forward into the next plan year.

1 **V. LBR RATE AND BILL IMPACTS**

2 **Q. What is the total estimated SBC rate?**

3 A. Page 1 of Attachment E3 provides a summary of the proposed calculation of the 2025
4 LBR rate, excluding the EE and EAP rate components discussed above and subject to
5 review in Docket No. DE 24-113. The recent actual and total proposed LBR rates for
6 2022 to 2025 are summarized and shown in the table below:

Lost Base Revenue (LBR) portion of SBC		
<u>Effective Date</u>	<u>Estimated Rate</u>	<u>Actual Rate</u>
January 1, 2022		\$ 0.00065
May 1, 2022		\$ 0.00185
January 1, 2023		\$ 0.00205
January 1, 2024		\$ 0.00178
January 1, 2025	\$ (0.00131)	

7
8
9 **Q. Have you provided bill impacts associated with the proposed LBR rate?**

10 A. Yes. The bill impacts for a typical residential and C&I customer are provided on Page 9
11 of Attachment E3. The bill impacts in 2025 are measured against the rates in effect as of
12 November 1, 2024.

1 **Q. Does the Company require Commission approval of the LBR component of the SBC**
2 **billed to customers by a specific date?**

3 A. As discussed in the petition, Eversource respectfully requests approval of the LBR
4 component of the SBC for a rate effective date of February 1, 2025 to allow for
5 additional time for the Commission and parties to conduct a sufficient review of the
6 Company's LBR rate. If the Commission would prefer more time, the Company is
7 amenable to extending the effective date beyond February 1.

8 **VI. CONCLUSION**

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

10 A. Yes, it does.