

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

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a EVERSOURCE ENERGY

Docket No. DE 19-057

SETTLEMENT AGREEMENT ON RATE CASE EXPENSES

This settlement agreement pertaining to recovery of expenses for the rate case in the instant docket is entered into by and among Public Service Company of New Hampshire d/b/a Eversource Energy (the “Company,” or “Eversource”), the New Hampshire Department of Energy (“DOE”), and the Office of the Consumer Advocate (“OCA”), (collectively, “Settling Parties”). This settlement agreement resolves all issues among the Settling Parties regarding the Company’s request to recover expenses incurred in the Company’s rate case in Docket No. DE 19-057.¹

I. INTRODUCTION AND PROCEDURAL HISTORY

On January 15, 2021, Eversource made a filing including a motion to recover expenses incurred for the rate case in the instant docket totaling \$2,186,265. Attached to the motion were the materials required by Puc 1905.03 including information on the vendors, invoices for services rendered, descriptions of the services, the relevant contracts, and other supporting materials. As required by Puc 1905.04, Eversource engaged each provider through a competitive bid process. In addition to the expenses incurred on its own behalf, the Company included expenses incurred by the then-Staff of the Commission (now DOE) of \$415,680 and OCA of \$23,565. Pursuant to the provisions of RSA 365:37, II, RSA 365:38-a, and RSA 363:28, III, the Commission is

¹ Originally, \$2,449,051 of rate case expenses was included in the revenue requirement in the settlement agreement on permanent rates for this docket, to be recovered over five years. However, the Commission directed Eversource to remove rate case expenses from the revenue requirement for consideration separately. While recovery of rate case expenses were part of settlement discussions, there was no term in the settlement agreement that explicitly described the inclusion of rate case expenses or whether the parties agreed to them and if they were reasonable. See Order No. 26,443 at 20-21 (December 15, 2020).

authorized to assess certain costs of Commission Staff (now DOE) and the OCA to Eversource and the Company is entitled to recovery of those costs. Accordingly, Eversource sought recovery of the actual expenses incurred by the Company, DOE and OCA in a single motion totaling \$2,186,265.

On March 9, 2021, PUC Audit Staff (now DOE Audit, hereinafter “Audit”) issued a draft audit report pertaining to the rate-case expense filing made by the Company, requesting clarification or additional information on numerous items, to which Eversource provided responses. On March 30, 2021, Audit issued its final audit report, recommending recovery of \$1,284,606 out of the \$2,186,265. Audit recommended the following for disallowance: \$695,579 in legal expenses from Keegan Werlin; \$9,025 for Economists, Inc. marginal cost study; \$7,425 for Economists, Inc. allocated cost study; \$38,432 related to work by Concentric, and; \$151,198 for work done by Randstad. Eversource agreed to the disallowance of \$38,432 of Concentric charges, but there was at least partial disagreement on all other amounts recommended for disallowance. On August 26, 2021, the DOE issued an inter-agency communication summarizing the final audit and agreeing with its findings, recommending the Commission adopt the final audit’s findings and allow recovery of \$1,284,606 of the total \$2,186,265.

On September 24, 2021, Eversource filed a motion to reject DOE’s recommendation on both substantive and procedural grounds, to which the DOE objected on October 4, 2021. On January 14, 2022, the Commission scheduled a hearing for February 22, 2022 to consider both Eversource’s motion for recovery of rate case expenses and Eversource’s motion to reject DOE’s recommendation. Due to witness unavailability, the Company requested a new hearing date, and the Commission moved the hearing to March 29, 2022. Eversource filed testimony of Douglas P. Horton, Vice President of Eversource Energy Service Company, on March 22, 2022. On March

23, 2022, DOE requested a further extension of the hearing date to review this testimony, and additional materials planned to be filed by the Company related to rate case expense recovery, which the Commission granted on March 25, setting the hearing date for May 26, 2022. On May 11, 2022, Eversource filed testimony of Robert A. Bersak, former Chief Regulatory Counsel for Eversource Energy Service Company.

Eversource and DOE have had a series of discussions regarding the recommended disallowances in the final audit report. The Company provided further detail and explanations regarding the contested expenses of: Keegan Werlin, Randstad, and the recommended disallowances for Economists, Inc. After considerable review, analysis and discussion by both Eversource and DOE, both parties decided to engage in good faith settlement negotiations with an aim to reach a compromise that resolves all contested expenses. Those negotiations resulted in terms to which both Eversource and the DOE as well as the OCA agree. Therefore, the Settling Parties recommend and request that the Commission approve this settlement agreement without modification, as it resolves all outstanding issues related to Eversource's recovery of rate case expenses in this docket.

II. SETTLEMENT TERMS

The following dollar amounts resolve the four disputed expense items for recovery by Eversource, and the Settling Parties agree to be just and reasonable. First, for the Keegan Werlin LLP legal expenses, the Settling Parties agree that the Company shall recover \$354,353. This result balances DOE's and OCA's concerns regarding the need for, scope, efficiency and total cost of legal services provided by Keegan Werlin in the contested proceeding, while allowing recovery of a reasonable level of prudently incurred legal expenses commensurate with the level of work required in that proceeding.

Further, based on documentation provided by Eversource, the Settling Parties agree that the Company shall recover 75 percent of the \$151,198, or \$113,398 Eversource paid to Randstad for plant accounting services. For the marginal cost study conducted by Economists, Inc., the Settling Parties agree that none of the \$9,025 shall be disallowed, as these costs were necessarily incurred for this docket, and additionally applied to Docket No. DE 16-576 . Therefore, the full amount of \$175,494 will be recovered by Eversource. As for the allocated cost of service study conducted by Economists, Inc., the Company in response to Audit agreed to a disallowance of \$6,000 of the \$7,425 recommended for disallowance due to a typographical error, to which Audit agreed, resulting in recovery of \$272,164 for the Economists, Inc. allocated cost of service study. When added to the agreed-upon disallowance for costs from Concentric in the amount of \$38,432, this results in a total disallowance of \$423,458, and total recovery of \$1,762,807 by Eversource, which the Settling Parties agree is just and reasonable. An itemized list of the final recovery is as follows:

| Vendor | Total Cost | Disallowance | Recoverable |
|--|--------------------|---------------------|--------------------|
| Gannett Fleming | \$106,577 | | \$106,577 |
| AON | \$3,060 | | \$3,060 |
| Spectrum Marketing | \$163,276 | | \$163,276 |
| Blue Ridge Consulting | \$88,308 | | \$88,308 |
| J. Randall Woolridge | \$40,000 | | \$40,000 |
| Brattle Group | \$149,359 | | \$149,359 |
| Scott Mueller | \$138,013 | | \$138,013 |
| Strategen | \$5,881 | | \$5,881 |
| Optimal Energy | \$17,684 | | \$17,684 |
| Economists, Inc. (MC) | \$175,494 | | \$175,494 |
| Economists, Inc. (COS) | \$278,164 | \$6,000 | \$272,164 |
| Concentric | \$173,672 | \$38,432 | \$135,240 |
| Randstad | \$151,198 | \$37,800 | \$113,398 |
| Keegan Werlin, LLC | \$695,579 | \$341,226 | \$354,353 |
| Total Recovery Requested | \$2,186,265 | | |
| Total Settlement Recovery Amount: | | | \$1,762,807 |
| Total Disallowance: | | \$423,458 | |

Finally, the Settling Parties agree that Eversource shall recover the \$1,762,807 through the Regulatory Reconciliation Adjustment (“RRA”) spread over five years, beginning with the August 1, 2022 RRA rate adjustment. For this year’s expenses to be recovered starting August 1, the Settling Parties respectfully request an order on this settlement agreement be issued no later than July 25, 2022.

III. GENERAL PROVISIONS

The Settling Parties agree that all testimony and supporting documentation may be admitted as exhibits for purposes of consideration of this settlement agreement. Assent to admit all direct testimony without challenge does not constitute agreement by the Settling Parties that the content of the written testimony is accurate nor is it indicative of what weight, if any, should be given to the views of any witness. Reflecting the intent of this settlement agreement, the Settling Parties agree to forego cross-examining witnesses of the Settling Parties regarding their pre-filed testimony and, therefore, the admission into evidence of any witness’s testimony or supporting documentation shall not be deemed in any respect to constitute an admission by any party to this settlement agreement that any allegation or contention in this proceeding is true or false, except that the sworn testimony of any witness shall constitute an admission by such witness.

This settlement agreement is expressly conditioned upon the Commission’s acceptance of all of its provisions without change or condition. All terms are interdependent, and each Settling Party’s agreement to each individual term is dependent upon all Settling Parties’ agreement with all terms. If such complete acceptance is not granted by the Commission, or if acceptance is conditioned in any way, each of the Settling Parties shall have the opportunity to amend or terminate this settlement agreement or to seek reconsideration of the Commission’s decision or condition. If this settlement agreement is terminated, it shall be deemed to be withdrawn and shall

be null and void and without effect and shall not constitute any part of the record in this proceeding nor be used for any other purpose. The Settling Parties recommend approval of this settlement agreement before the Commission. The Settling Parties also agree that they shall not oppose this settlement agreement before any regulatory agencies or courts before which this matter is brought but shall take all such action as is necessary to secure approval and implementation of the provisions consistent with settlement agreement.

The Commission's acceptance of this settlement agreement does not constitute continuing approval of or precedent regarding any particular issue under this docket, but such acceptance does constitute a determination that this settlement agreement and all provisions are just and reasonable. All discussions leading to and resulting in this settlement agreement have been conducted with the understanding that all offers of settlement and discussion relating to these terms are and shall be protected and treated as privileged, and shall be so without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any further proceeding or otherwise.

This Agreement may be executed by facsimile or electronically and in multiple counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one agreement binding on all Settling Parties.

IN WITNESS WHEREOF, the Settling Parties have caused this Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/ A EVERSOURCE ENERGY


By: _____ May 19, 2022
Jessica Chiavara, Esq.
Counsel

NEW HAMPSHIRE DEPARTMENT OF ENERGY

By: /s/ Paul B. Dexter _____ May 19, 2022
Paul B. Dexter, Esq.
Staff Attorney

OFFICE OF THE CONSUMER ADVOCATE


By: _____ May 19, 2022
Donald M. Kreis, Esq.
Consumer Advocate