

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 19-057
REQUEST FOR CHANGE IN PERMANENT DISTRIBUTION RATES

DIRECT TESTIMONY OF

Erica L. Menard and Jennifer A. Ullram

Fee Free Adjustment and New Start Program Implementation

On behalf of Public Service Company of New Hampshire
d/b/a Eversource Energy

December 15, 2021

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STATE OF NEW HAMPSHIRE

BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DIRECT TESTIMONY OF ERICA L. MENARD and JENNIFER A. ULLRAM

**PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY
REQUEST FOR CHANGE IN PERMANENT DISTRIBUTION RATES
FEE FREE CREDIT CARD PAYMENT PROGRAM
NEW START – ARREARS MANAGEMENT PROGRAM**

December 15, 2021

Docket No. DE 19-057

1 **I. INTRODUCTION**

2 **Q. Ms. Menard, please state your name, business address and position.**

3 A. My name is Erica L. Menard. My business address is 780 North Commercial Street,
4 Manchester, NH. I am employed by Eversource Energy Service Company as the Manager
5 of New Hampshire Revenue Requirements and in that position, I provide service to Public
6 Service Company of New Hampshire d/b/a Eversource Energy (“PSNH”, “Eversource” or
7 the “Company”).

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

10 A. Yes, I have provided testimony before the Commission on many prior occasions, including
11 Docket No. DE 19-057.

1 **Q. What are your current responsibilities?**

2 A. I am currently responsible for the coordination and implementation of revenue
3 requirements calculations for Eversource, as well as the filings associated with
4 Eversource's Energy Service ("ES") rate, Stranded Cost Recovery Charge ("SCRC"),
5 Transmission Cost Adjustment Mechanism ("TCAM"), System Benefits Charge ("SBC"),
6 Regulatory Reconciliation Adjustment ("RRA") mechanism and Distribution Rates.

7 **Q. Ms. Ullram, please state your name, business address and position.**

8 A. My name is Jennifer A. Ullram. My business address is 107 Selden Street, Berlin,
9 Connecticut. I am employed by Eversource Energy Service Company as the Manager of
10 Rates.

11 **Q. What are your principal responsibilities in this position?**

12 A. As the Manager of Rates, I am responsible for activities related to rate design, cost of
13 service and rates administration for Connecticut and New Hampshire electric and gas
14 subsidiaries of Eversource Energy, including the Company.

15 **Q. What is the purpose of your testimony?**

16 A. Our testimony addresses implementation of the adjustments to base distribution rates
17 effective February 1, 2022 for cost recovery related to (1) the first year of the Fee Free
18 Credit Card Payment ("FFCCP") program implementation; and (2) the implementation of
19 the New Start Arrears Management Program ("NSAMP") and in accordance with Sections
20 12.3 and 13.3,¹ respectively, of the October 9, 2020 Settlement Agreement ("Settlement

¹ Settlement, Bates pages 25-27.

1 Agreement”) approved by the Commission in Order No. 26,433 (December 15, 2020).

2 This topic is addressed by Ms. Menard.

3 In addition, Eversource has prepared bill impacts and tariff changes reflecting the recovery
4 of \$1,077,356 in base distribution rates for implementation of the NSAMP per the terms
5 of the Settlement Agreement. The bill impacts and tariff changes encompassing all rate
6 changes are provided in Attachments ELM/JAU-3 and ELM/JAU-4. This topic is
7 addressed by Ms. Ullram.

8 **Q. Please summarize the Company’s request.**

9 A. Eversource’s calculation of the base distribution rate for effect February 1, 2022 results in
10 an overall increase of approximately 0.26 percent as shown in Attachment ELM/JAU-3,
11 page 6 line 19. As described in more detail in testimony below, the increase is driven by
12 the planned incorporation of \$1,077,356 related to implementation of the NSAMP effective
13 February 1, 2022. No rate change is being requested for the FFCCP program effective
14 February 1, 2022.

15 **II. FEE FREE CREDIT CARD PAYMENT PROGRAM**

16 **Q. Ms. Menard, please summarize the terms of the Settlement Agreement related to the**
17 **Fee Free program costs.**

18 A. As it relates to the FFCCP program, per the terms of Section 12.3 of the Settlement
19 Agreement, effective January 1, 2021, Eversource began recovering \$375,000 of program-
20 related costs annually related to the fee free credit card offering that will be reconciled at
21 the time of Eversource’s next base distribution rate case. If the actual costs resulting from

1 customers' adoption of the fee free option exceed the \$375,000 allowed in rates in the first
2 year, the Company shall increase the amount in rates to an amount reflecting the estimated
3 cost, but not more than \$520,500, effective February 1, 2022. Testimony describing the
4 first year of the FFCCP program is provided by Company witness Christopher Kishimoto.
5 As described in Mr. Kishimoto's testimony, the first year of the FFCCP program is
6 estimated to be approximately \$394,000. At this time, the Company proposes to not seek
7 a base distribution rate increase as the first-year estimate exceeds the amount in base rates
8 by under \$20,000. Instead, the Company proposes to reconcile these costs in its next rate
9 case rather than increase base distribution rates at this time.

10 **Q. Please describe the detailed support for the calculation of the base distribution rate**
11 **recovery related to FFCCP program included on pages 1 and 2 of Attachment**
12 **ELM/JAU-1.**

13 A. Consistent with Section 12.3 of the Settlement Agreement and Order No. 26,433, the
14 Company has prepared Attachment ELM/JAU-1 to track the actual costs incurred from
15 January 1, 2021 that exceed the base rate recovery amount of \$375,000 to demonstrate
16 whether an increase to base distribution rates is warranted at this time. Section 12.3 of the
17 Settlement states the following:

18 The Company may recover \$375,000 of program-related costs in
19 base rates annually beginning January 1, 2021, subject to
20 reconciliation at the time of the Company's next rate case, with
21 carrying charges on the over- or under-recovered balance calculated
22 using the Prime Rate. If the actual costs resulting from customers'
23 adoption of the fee free option exceed the \$375,000 allowed in rates
24 in the first year, the Company shall increase the amount in rates to
25 an amount reflecting the estimated cost, but not more than \$520,500,
26 effective February 1, 2022.

1 Consistent with the Commission's approval of the Settlement Agreement, Attachment
2 ELM/JAU-1, Page 1 reflects the variance between the base distribution recovery amount
3 of \$375,000 effective January 1, 2021 and the first year actual/estimated costs of the
4 FFCCP program. Attachment ELM/JAU-1 reflects the reconciliation of FFCCP program
5 related costs in base distribution rates that will be maintained until the time of Eversource's
6 next base distribution rate case.

7 **III. NEW START ARREARS MANAGEMENT PROGRAM**

8 **Q. Ms. Menard, please summarize the terms of the Settlement Agreement related to the**
9 **New Start program costs.**

10 A. As it relates to NSAMP, per the terms of Section 13.2 of the Settlement Agreement,
11 effective January 1, 2021 Eversource began recovering in base distribution rates \$340,000
12 for start-up costs related to the substantial IT programming changes necessary to
13 implement NSAMP (\$1,700,000 capital cost estimate to be recovered over five years) that
14 will be reconciled at the time of Eversource's next base distribution rate case. In addition,
15 per the terms of Section 13.3, the Company's base distribution rates shall be adjusted to
16 implement recovery of \$1,077,356 beginning February 1, 2022 for the purpose of funding
17 a NSAMP reserve account. The NSAMP reserve funds collected through base distribution
18 rates will be reconciled at the time Eversource's next base distribution rate case. Testimony
19 describing the implementation of the NSAMP is provided by Company Theresa
20 Washington.

1 **Q. Please describe the detailed support for the calculation of the base distribution rate**
2 **recovery related to the NSAMP included on pages 1 and 2 of Attachment ELM/JAU-**
3 **2.**

4 A. Consistent with Section 13 of the Settlement Agreement and Order No. 26,433, the
5 Company has prepared Attachment ELM/JAU-2 to reflect recovery of the base distribution
6 rate increase of \$1,077,356 beginning February 1, 2022. Sections 13.2 and 13.3 of the
7 Settlement state the following:

8 **13.2** Initial programming costs for implementing the New Start program
9 shall be recovered in base rates, rather than through the RRA. The Company
10 may recover \$340,000 of program start-up costs in base rates annually
11 beginning January 1, 2021, subject to reconciliation at the time of the
12 Company's next rate case, with carrying charges on the over-or under-
13 recovered balance calculated using the Prime Rate. The Settling Parties
14 acknowledge that implementing the program will require substantial
15 programming changes, and customer and community education, and that, at
16 present, such implementation is targeted to occur in the first quarter of 2022.

17
18 **13.3** The Company shall be permitted to recover \$1,077,356 in base rates
19 annually beginning February 1, 2022, subject to reconciliation at the time
20 of the Company's next rate case, with carrying charges on the over- or
21 under-recovered balance calculated using the Prime Rate. This recovery
22 shall fund a reserve account for funds collected through rates for the
23 program. Testimony and supporting materials relating to implementing this
24 adjustment to base rates shall be included in the materials submitted with
25 the Company's SCRC filing for effect on February 1, 2022.

26 Consistent with Section 13.3, Eversource requests to implement an increase in base
27 distribution rates of \$1,077,356 as shown in Attachment ELM/JAU-2, Page 3, Line 6,
28 beginning February 1, 2022. Attachment ELM/JAU-2, Pages 2 and 4 reflect the
29 reconciliation of NSAMP related costs recovered in base distribution rates and will be
30 maintained until the time of Eversource's next base rate case.

1 **IV. RATE AND REVENUE REQUIREMENT CALCULATIONS**

2 **Q. Ms. Ullram, please explain how you calculated the rates for this base distribution rate**
3 **adjustment.**

4 A. Details of the rate design for each rate class are provided in ELM/JAU-3 to this filing. The
5 Company has allocated the total incremental NSAMP cost amount of \$1,077,356 as shown
6 in Attachment ELM/JAU-3, Page 6, Line 19, to each class using the same allocation
7 methodology used to allocate the Step 1 and Step 2 rate adjustments. That is, the Company
8 calculated an equal percentage increase to each rate class and set rates using the target
9 revenue increase for each rate class.

10 **Q. What are the overall revenue and bill impacts related to the rate calculations**
11 **described above?**

12 A. The attachments to our testimony provide the percentage impacts of the rate adjustment to
13 each of the customer classes. Attachment ELM/JAU-3, Pages 1 through 5 shows the
14 overall revenue impacts, Attachment ELM/JAU-3, Pages 6 through 27 shows rate design
15 and resulting rates and revenue by rate class for the rate adjustment, and Attachment
16 ELM/JAU-3, Pages 28 through 50 shows the bill impacts for each rate class. ELM/JAU-
17 3, Page 28 shows a bill impact of \$0.12 per month for a 650 kWh residential customer.

18 The rate impacts provided in Attachment ELM/JAU-3, Pages 28 through 50 incorporate
19 the rates reflecting (i) the permanent distribution rates approved in Docket No. DE 19-057
20 in Order No. 26,433 (December 15, 2020), Order No. 26,439 (December 23, 2020) and
21 Order No. 26,504 (July 30, 2021) and in effect as of August 1, 2021; (ii) the Energy Service
22 rate reflecting rate changes approved in Docket No. DE 21-077 in Order No. 26,491 (June

1 24, 2021) and in effect as of August 1, 2021; (iii) the Stranded Cost Recovery Charge rate
2 reflecting rate changes approved in Docket No. DE 21-117 in Order No. 26,502 (July 29,
3 2021) and in effect as of August 1, 2021; (iv) the Transmission Cost Adjustment
4 Mechanism rate reflecting rate changes approved in Docket No. DE 21-109 in Order No.
5 26,501 (July 29, 2021) and in effect as of August 1, 2021; (v) the System Benefits Charge
6 rate reflecting rate changes approved in in Docket No. DE 17-136 in Order No. 26,323
7 (December 21, 2019) and Docket No. DE 20-092 and Order No. 26,440 (December 29,
8 2020) and in effect as of January 1, 2021; and (vi) the RRA rate reflecting rate changes
9 approved in Docket No. DE 21-029 in Order No. 26,503 (July 30, 2021) in effect as of
10 August 1, 2021.

11 **Q. Is the Company proposing other rate changes for effect on February 1, 2022?**

12 A. Yes. There are several rate changes expected to be proposed for effect on February 1,
13 2022, however those changes are not approved at this time and have not been incorporated
14 into the typical bill comparison in Attachment ELM/JAU-3 at this time. The typical bill
15 comparison reflects only the change proposed in this instant docket.

16 **Q. Are the revenue requirements and rates resulting from implementation of the**
17 **Settlement Agreement adjustment just and reasonable?**

18 A. Yes. The revenue requirement calculation and resulting rate impacts are consistent with
19 the Settlement Agreement and result in rates that are just and reasonable.

20 **Q. Has the Company provided updated tariff pages as part of this filing?**

21 A. Yes. Updated tariff pages are provided in Attachment ELM/JAU-4.

1 **V. CONCLUSION**

2 **Q. Does Eversource require Commission approval of the base distribution rate billed to**
3 **customers by a specific date?**

4 A. Yes, Eversource would need final approval of the base distribution rate by January 24,
5 2022, to implement the new rates for service rendered on and after February 1, 2022.

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

7 A. Yes, it does.