

1 **STATE OF NEW HAMPSHIRE**
2 **PUBLIC UTILITIES COMMISSION**

3
4 **October 27, 2020 - 1:08 p.m.** **DAY 2**
5 **Afternoon Session ONLY**

6 *[Remote Hearing conducted via Webex]*

7
8 **RE: DE 19-057**
9 **EVERSOURCE ENERGY:**
10 **Notice of Intent to File Rate**
11 **Schedules. (Hearing regarding**
12 **Settlement Agreement)**

13 **PRESENT:** Chairwoman Dianne Martin, Presiding
14 Cmsr. Kathryn M. Bailey

15 Jody Carmody, Clerk
16 Eric Wind, PUC Remote Hearing Host

17 **APPEARANCES:** **Reptg. Public Service Company of**
18 **New Hampshire d/b/a Eversource Energy:**
19 Matthew J. Fossum, Esq.

20 **Reptg. Clean Energy New Hampshire:**
21 Elijah D. Emerson, Esq. (Primmer...)

22 **Reptg. The Way Home:**
23 Raymond Burke, Esq. (N.H. Legal Asst.)
24 Stephen Tower, Esq. (N.H. Legal Asst.)

Reptg. AARP:
 John Coffman, Esq.

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

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

Reptg. Residential Ratepayers:

D. Maurice Kreis, Esq., Consumer Adv.
Office of Consumer Advocate

Reptg. PUC Staff:

Suzanne G. Amidon, Esq.
Brian D. Buckley, Esq.
Scott M. Mueller, Esq. (*S. Mueller Law*)

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	RON NELSON	
	RICHARD CHAGNON	
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1 *(Hearing resumed at 1:08 p.m.)*

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

3 CHAIRWOMAN MARTIN: Why don't we go on
4 the record. And, Mr. Coffman, what is your
5 request?

6 MR. COFFMAN: Yes. Unfortunately, my
7 witness, Scott Rubin, has a conflict that has
8 developed. He's in a Connecticut PURA utility
9 hearing at the moment, and is scheduled to go on
10 at 1:30, I think. So, if I could ask for the
11 Commission's indulgence to allow Mr. Rubin to go
12 first on this panel, that would, I think,
13 eliminate his conflict.

14 CHAIRWOMAN MARTIN: Any objection?

15 MR. FOSSUM: None.

16 CHAIRWOMAN MARTIN: Okay. Seeing none,
17 why don't we swear in the entire panel, and start
18 with Mr. Rubin and Mr. Coffman.

19 MR. COFFMAN: Thank you very much.

20 MS. AMIDON: Madam Chairwoman, one
21 procedural issue again. For this panel, again
22 Brian Buckley will be conducting the questioning.
23 So, I just wanted to alert you to that. And, so,
24 I'll put myself on mute. Thank you.

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 CHAIRWOMAN MARTIN: Okay. Thank you
2 for letting me know.

3 All right. Mr. Patnaude, could you
4 swear in the witnesses.

5 (Whereupon **Edward A. Davis,**
6 **Scott J. Rubin,** and **Ron Nelson** were
7 duly sworn by the Court Reporter.)

8 CHAIRWOMAN MARTIN: All right.
9 Mr. Coffman.

10 MR. COFFMAN: Thank you.

11 **EDWARD A. DAVIS, SWORN**

12 **DOUGLAS HORTON, PREVIOUSLY SWORN**

13 **SCOTT J. RUBIN, SWORN**

14 **RON NELSON, SWORN**

15 **RICHARD CHAGNON, PREVIOUSLY SWORN**

16 **DIRECT EXAMINATION**

17 BY MR. COFFMAN:

18 Q Mr. Rubin, could you please state your full name
19 and your role as relates to this case?

20 A (Rubin) Scott, I use the middle initial "J.",
21 Rubin, R-u-b-i-n. I was retained by AARP as an
22 independent consultant and expert witness in this
23 matter.

24 Q And are you the same Scott J. Rubin that was

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 caused to provide prefiled direct testimony on
2 December 20, 2019, on the subject of rate design?

3 A (Rubin) Yes.

4 Q And, if I were to -- if I were to ask you those
5 questions on that date, would those answers be
6 true to your best information and belief?

7 A (Rubin) Yes, they would.

8 Q And have you been qualified as an expert before
9 at the New Hampshire Commission?

10 A (Rubin) Yes, I have. I've appeared as a witness
11 for the Office of Consumer Advocate on, goodness,
12 numerous occasions, and cover a four or five year
13 period. It's been a couple of years since I've
14 been in New Hampshire. It's a pleasure to be
15 back, even though it's virtual.

16 MR. COFFMAN: Great. Well, I would --
17 I believe that's sufficient, I guess, to offer
18 Mr. Rubin up for any questions.

19 CHAIRWOMAN MARTIN: Before we move on,
20 do you intend to introduce his prefiled testimony
21 as Exhibit 23?

22 MR. COFFMAN: I'm sorry, I didn't hear
23 that.

24 CHAIRWOMAN MARTIN: Do you intend to

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 introduce his prefiled testimony as "Exhibit 23"?

2 MR. COFFMAN: Yes. Yes, I would --
3 that testimony from December 20th, which has been
4 marked as "Exhibit 23", I would offer into the
5 evidence for this matter.

6 CHAIRWOMAN MARTIN: Okay. Thank you.
7 Commissioner Bailey, I think, perhaps we should
8 go straight to asking questions of the witness
9 with the time constraint.

10 CMSR. BAILEY: Okay.

11 BY CMSR. BAILEY:

12 Q Mr. Rubin, can you tell me what provisions of the
13 Settlement Agreement benefit AARP, and why you
14 believe that it's just and reasonable?

15 A (Rubin) Yes. I'd be happy to, Commissioner.
16 Obviously, AARP was concerned about the overall
17 size of the rate increase. As with any
18 settlement, there were a lot of compromises and
19 give-and-take.

20 Personally, I'm not thrilled with a
21 rate increase of this magnitude. But I
22 understand why the Parties were, you know,
23 negotiated it the way they did.

24 Specifically, for AARP, one of our

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 major concerns was that the Company had requested
2 a larger increase for the residential class than
3 for any other class. That issue has been
4 resolved in this Settlement, so that all classes,
5 except streetlighting, receive the same
6 percentage increase in their distribution rates.

7 We also were very concerned about the
8 proposed increase in the residential customer
9 charge. That issue was compromised. The
10 Settlement adopts the temporary rate level of
11 customer charge. So, it's a small increase over
12 the preexisting permanent rate, but no further
13 increase from what customers are seeing on their
14 bills today. And the Settlement also provides
15 that any further increases before the next rate
16 case, such as for step increases and so on, will
17 apply solely to the per kilowatt-hour charges for
18 residential customers. So that customer charge
19 will not increase further until there's another
20 base rate case.

21 So, in my mind, those are the major
22 provisions in the Settlement that benefit
23 residential customers. Obviously, I can't go
24 into details about all of the negotiations, but

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 there were other items in the Settlement where
2 AARP was an active participant in, again,
3 negotiating a compromise between what the Company
4 was requesting and what we felt was a reasonable
5 result.

6 CMSR. BAILEY: Okay. Thank you.
7 That's all I have for you.

8 WITNESS RUBIN: Thank you,
9 Commissioner.

10 CHAIRWOMAN MARTIN: And thank you. I
11 don't have any other questions.

12 And, so, it makes sense to release this
13 witness at this point, so that he can get to his
14 next proceeding.

15 MR. COFFMAN: Okay.

16 WITNESS RUBIN: Thank you, Chairwoman
17 Martin. I appreciate the accommodation of being
18 able to go slightly out of order. And, yes, off
19 to my next hearing, I guess. So, thank you.

20 CHAIRWOMAN MARTIN: You're very
21 welcome.

22 MR. COFFMAN: Thank you, Madam Chair.

23 CHAIRWOMAN MARTIN: You're welcome.

24 Which attorney would like to go next with their

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 witness?

2 MR. FOSSUM: I'm fine to step in,
3 unless somebody else wants to push me out of the
4 way.

5 CHAIRWOMAN MARTIN: All right. Go
6 ahead.

7 MR. FOSSUM: Thank you. This
8 afternoon, we have Douglas Horton, who has
9 already been qualified, so, I'll move on to our
10 other witness, Edward Davis.

11 **DIRECT EXAMINATION (resumed)**

12 BY MR. FOSSUM:

13 Q Mr. Davis, could you please state your name, your
14 position, and your responsibilities for the
15 record? You're on mute.

16 A (Davis) How's that?

17 Q Better. Thank you.

18 A (Davis) Thank you. So, good afternoon. My name
19 is Edward A. Davis. I am the Director of Rates
20 for Eversource Energy. My responsibilities
21 include rate design, cost of service, rate and
22 tariff administration for the gas and electric
23 subsidiaries of Eversource Energy.

24 Q And, Mr. Davis, did you file, back on May 28th,

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 2019, testimony and attachments that have been
2 marked as "Exhibit 16"?

3 A (Davis) Yes.

4 Q And was that testimony prepared by you or at your
5 direction?

6 A (Davis) Yes, it was.

7 Q Do you have any corrections to that testimony?

8 A (Davis) I do not.

9 Q And do you adopt that testimony as your testimony
10 for this proceeding?

11 A (Davis) Yes, I do.

12 Q And, Mr. Davis, did you also file testimony and
13 attachments as part of the Company's March 4th,
14 2020 submission, and which have been marked as
15 "Exhibit 51"?

16 A (Davis) Yes.

17 Q And was that likewise prepared by you or at your
18 direction?

19 A (Davis) Yes, it was.

20 Q And do you have any corrections to that testimony
21 this morning -- or, this afternoon?

22 A (Davis) I do not.

23 Q And do you adopt that as your testimony for this
24 proceeding?

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 A (Davis) Yes, I do.

2 Q And, Mr. Davis, did you participate in the
3 discussions and negotiations and drafting of the
4 Settlement Agreement that's presently pending
5 before the Commission?

6 A (Davis) Yes, I did.

7 Q And you are familiar with the terms of that
8 Settlement Agreement?

9 A (Davis) I am.

10 Q All right. Well, Mr. Davis, if I could have you
11 begin by turning to Section 17 -- I'm sorry, not
12 "17", Section 14 of the Settlement.

13 A (Davis) Okay.

14 Q I'd like to basically just go through what is
15 there more or less in order. Could you please
16 explain what is being required by the various
17 provisions in this Section 14?

18 A (Davis) Certainly. So, in Sections 14.1 and
19 14.2, we have some relatively small, if you will,
20 tariff issues and we've addressed them.

21 Section 14.1 has to do with fees and
22 charges. So, we have updated charges based on
23 current costs and fees. There's some new -- a
24 couple of new charges and fees.

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 Section 14.2 addresses a supplier
2 blocking proposal that we had submitted
3 originally.

4 Section 14.7, more along the relatively
5 smaller issues, are, where applicable, an
6 agreement to reduce the differential between
7 declining block rates in certain rate classes.

8 Yesterday, we had questions regarding
9 the supplier blocking. And I think the question
10 was around "what was that?" "What is the origin
11 of that?" We had proposed that originally,
12 basically to provide a benefit to customers,
13 where customers requested that the Company block
14 electronic enrollments from energy suppliers,
15 when the customer receives energy under a default
16 service rate.

17 We do have a similar provision in other
18 states. Excuse me. Some customers really simply
19 didn't want to be switched and didn't want to
20 have suppliers potentially switching them. The
21 other states, for example, in Connecticut, we
22 have a provision where the customer provides
23 notification to the distribution company
24 requesting protection from unwanted solicitation

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 from electric suppliers, if so desired.

2 So, the concern here was that we are
3 only allowing default customers to use this
4 option. And, you know, at the end of the day, we
5 agreed to not pursue that provision. So, that's
6 what that Section 14.2 involves.

7 In Rate Design, and particularly in
8 Sections 14.4 and 14.5, this provides some
9 details and specifications on how rate design
10 will be implemented. And Mr. Rubin had indicated
11 a few moments ago that the Settlement calls for
12 the customer charge to remain where it is until
13 the next rate case. And also, this section
14 provides how revenue changes are allocated among
15 classes, which are either volumetric or demand
16 charges, depending on the rate class. While
17 perhaps the cost of service might support a
18 different charge, in settlement we agreed to keep
19 the charge at the current temporary level. And
20 we believe that is a fair and reasonable level
21 for this charge as part of the Agreement, meaning
22 the customer charge.

23 To the extent there will be changes in
24 the rate level, for example, the step changes,

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 and adjustments again would only occur in the
2 applicable volumetric or demand rates, and not
3 through adjustments to the customer charge.

4 Section 14.5, in line with the cost of
5 service study, we are direct assigning outdoor
6 lighting distribution costs within the lighting
7 classes. And the remaining costs are then spread
8 on an equal basis among all the other remaining
9 classes. The need to address issues of how costs
10 have been historically assigned to outdoor
11 lighting was addressed by this ability to
12 restructure and direct assign costs. And we also
13 believes this represents a fair resolution of the
14 rate design in this case.

15 And -- go ahead. That's what I have
16 for those sections.

17 Q I just wanted to, in light of your comments on
18 outdoor lighting, there are a number of other
19 changes relative to outdoor lighting,
20 particularly in Section 14.8. If you could
21 describe, since it's on the topic of outdoor
22 lighting, just describe what's going on there?

23 A (Davis) Certainly. In 14.8, there are a number
24 of provisions. The first one is a simple change

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 to the applicable hours for outdoor lighting.
2 The idea is to get the various electric companies
3 in New Hampshire in closer alignment with the
4 hours of streetlighting and for Eversource. In
5 this case, we agree to establish a reasonable
6 standard as described in that section. These are
7 pretty much the hours, so-called "burn hours", in
8 which lighting would occur. We're implementing
9 these changes integral with the other outdoor
10 lighting changes.

11 So, those other changes specifically
12 are more forward-looking. First, we will be
13 amending our tariff to allow for advanced
14 lighting controls. This is among one of the
15 provisions that I know customers have been
16 seeking. So, our ability to implement advanced
17 lighting controls will allow, for example,
18 municipalities to provide us with a schedule of
19 how they would use their lights. And we would
20 basically rely on that for billing purposes. It
21 does take some time to implement, so we basically
22 need to make some billing system changes to
23 implement that provision.

24 Another response to concerns from

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 municipalities that we addressed is, and also not
2 just municipalities, but input from others, we're
3 working and will be developing a new tariff
4 offering that will be similar to Liberty's
5 so-called "LED-2" tariff, which we refer to here
6 as "EOL-2". Among other things, this new
7 offering will allow municipal customers to retain
8 ownership of lights, rather than turning them
9 over to the Company and to continue maintaining
10 those --

11 CHAIRWOMAN MARTIN: Just a moment, Mr.
12 Davis.

13 WITNESS DAVIS: Yes.

14 CHAIRWOMAN MARTIN: We just lost your
15 video. I don't know if you're having a
16 connection issue. Let's go off the record for a
17 minute.

18 *[Off the record due to connectivity*
19 *issues with Witness Davis.]*

20 CHAIRWOMAN MARTIN: So, let's go back
21 on the record, and keep going, and see where we
22 get to.

23 **BY THE WITNESS:**

24 A (Davis) Okay. So, regarding ownership, I was

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 referring to a tariff provision that we're going
2 to develop, which is going to -- right now we're
3 calling it "EOL-2", "Efficient Outdoor Lighting
4 2", which is a variation of our current EOL
5 tariff. This tariff will allow municipal
6 customers to retain ownership of their lights.
7 Currently, they turn those over to the Company,
8 and the Company is responsible for putting in and
9 maintaining those. This will enable customers to
10 retain ownership and be responsible for
11 maintenance as well. We understand that that,
12 among other things, supports tax depreciation and
13 other purposes, and allows municipalities to,
14 again, own and perform maintenance on those -- on
15 their fixtures.

16 So, we'll be looking on developing new
17 language, working with interested parties over
18 the next few months, and expect to have a final
19 tariff proposal submitted in early 2021. At that
20 time, we should have language for the new
21 offering, and have an implementation date for the
22 lighting control change. And pretty much, I
23 expect all of those to come in integrally, all
24 the changes in lighting in general, and all these

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 specific provisions will be all submitted for
2 review at that time.

3 BY MR. FOSSUM:

4 Q And, Mr. Davis, in light -- in line with other
5 future commitments, looking back at
6 Section 14.6, --

7 A (Davis) Yes.

8 Q -- there's a commitment there. Could you please
9 explain what is happening from that section?

10 A (Davis) Yes. Over the coming months, we will be
11 working with interested parties on adjustments to
12 our current time-of-day offerings for residential
13 customers. This provides -- the provision here
14 provides a general guide. Presently, those
15 offerings have a very long on-peak period, and
16 the rates themselves likely would need some
17 review as well.

18 So, we will be working on a new
19 proposal that will provide a two-period rate with
20 a shorter peak period. And the intent will be to
21 have a new rate structure that aligns with the
22 kinds of ideas and principles that the Commission
23 ordered and discussed in Order 26,394, in Docket
24 IR 20-004, on electric vehicle rates. So, there

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 is some crossover to time-of-use rates there.

2 But, in general, this provision in the
3 Settlement Agreement provides us our guide, for
4 which we will collaborate, and then, ultimately,
5 develop and submit a new time-of-use rate
6 proposal. We don't know what the proposal will
7 look like yet, but that's kind of the basic idea
8 here.

9 Q And thank you for the overview of that section.
10 Mr. Davis, I'd like to sort of transition
11 topically now a little bit and talk about the
12 impact of the various rate changes coming from
13 this Agreement.

14 Could you please turn to, if you
15 haven't already, to Appendix 10 --

16 A (Davis) Yes.

17 Q -- of the Settlement. And I believe I'm looking
18 first at -- it would be Bates numbered, in the
19 black, 168, or, in the red, depending on which
20 one you're choosing to look at, at Bates 169.

21 A (Davis) I have that.

22 Q Okay. Could you please explain and describe what
23 is going -- what's shown in this appendix, and
24 the various rate and bill impacts coming from

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 this Settlement?

2 A (Davis) Certainly. Just as a kind of overall,
3 just to get -- make sure we're grounded here, I
4 note that all the changes in this section reflect
5 Settlement rates. And the recoupment amount do
6 not reflect the step adjustment that has been
7 filed separately. So, our context here is with
8 base rate changes, that include a recoupment and
9 there's a sur-credit adjustment as well that
10 flows into that. And that, on the first page of
11 this appendix, we basically have a section that
12 shows the rate and revenue adjustments in a
13 summary fashion, based on a customer class basis.
14 It's pretty much a standard filing requirement
15 format.

16 The pages that follow show some of the
17 detail of the current rates and the incremental
18 amount from the Settlement. And then, the
19 remainder of the appendix provides details for
20 the various rate cases.

21 There's sections that include both the
22 allocation of revenue, the design of the rates
23 themselves, and, ultimately, a section on bill
24 impacts. There's also a summary of the price

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 changes.

2 Regarding bill impacts, and looking at
3 residential customers, I believe this is Bates
4 Page 195, on that page, we're showing the bill
5 impacts across a wide variety of usage levels,
6 which is the way our bill impacts are laid out.
7 So, at different levels, resulting from the
8 Settlement, you can see the various bill impacts
9 throughout the range of usages.

10 We typically often refer to "average"
11 or "typical" residential bill impacts. Here
12 we're using 650 kilowatt-hours per month. And
13 it's about midway on the table. So, we would see
14 a change of "\$1.97", or "1.64 percent", for a
15 customer on a total bill basis. And I believe
16 that's the value that Mr. Horton had provided
17 yesterday during his introduction and overview.

18 So, again, there's all the various
19 sections that support the development of these
20 rates and these bill impacts. Basically, show
21 the impact going from current rates to proposed
22 rates in settlement.

23 Q And these new rates, and the various other
24 updates that you described as being implemented,

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 are -- they are contained in the proposed
2 tariff -- are they contained in the proposed
3 tariff that's been included as Appendix 9?

4 A (Davis) That's correct. They are. We have
5 included the new rates and the various updates in
6 our Appendix 9, yes.

7 Q And, finally, for this part of things, is it your
8 position and the Company's position that these
9 various rates and charges and tariff changes that
10 you've described are just and reasonable and in
11 the public interest?

12 A (Davis) Yes.

13 MR. FOSSUM: Thank you. That's what I
14 have for direct.

15 CHAIRWOMAN MARTIN: All right. Thank
16 you.

17 Mr. Kreis, would you like to go next
18 with Mr. Nelson?

19 MR. KREIS: Madam Chair, did you just
20 call on me? I can't quite hear you.

21 CHAIRWOMAN MARTIN: I did. I will
22 speak up. I asked if you would like to go next
23 with Mr. Nelson?

24 MR. KREIS: I would be delighted. Good

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 afternoon, everybody. Good afternoon, Mr.
2 Nelson.

3 BY MR. KREIS:

4 Q Could you begin by introducing yourself by name
5 and your position and your relationship to the
6 OCA?

7 A (Nelson) Yes. Good afternoon. My name is Ron
8 Nelson. Nelson is N-e-l-s-o-n. I'm a Director
9 with Strategen Consulting. And I was retained as
10 an expert for the OCA in this case.

11 Q And, if I'm remembering correctly, this might be
12 your first time appearing in person, at least
13 virtually, in front of the New Hampshire PUC. Am
14 I remembering that correctly?

15 A (Nelson) I actually appeared in front of the New
16 Hampshire PUC for the Liberty Utilities rate
17 case, 19-067 [19-064?], as well.

18 Q Then, we don't have to remind the Commissioners
19 who you are. But, directing your attention to
20 what has been marked for identification purposes
21 as "Exhibit Numbers 29" and "28", and assuming
22 you're willing to take my word for the way I have
23 marked these exhibits, would you agree with me
24 that Exhibit Number 29 is the full and unredacted

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 version of prefiled written direct testimony that
2 you prepared for the OCA, and that we filed with
3 the Commission back on December 20th?

4 A (Nelson) Yes.

5 Q And would you also agree with me that Exhibit
6 Number 28 is the exact same document, but with a
7 few nuggets of information redacted, because that
8 is information that Eversource had designated in
9 discovery as punitively confidential?

10 A (Nelson) Yes.

11 Q And would it be reasonable, just by way of a
12 brief summary, to say that your prefiled written
13 direct testimony reflected a series of
14 recommendations that you were making back on
15 December 20th about Eversource's use of step
16 adjustments; it's reliance on a lost revenue
17 adjustment mechanism to account for revenue lost
18 due to energy efficiency; its use of cost of
19 service studies, and your opinion of the quality
20 of those studies; the Company's approach to
21 revenue apportionment; and the residential rate
22 designs that the Company was then proposing?

23 A (Nelson) Yes. That would be an apt summary.

24 Q And would it be fair to say, on the question of

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 revenue decoupling, that the Settlement Agreement
2 addresses the concerns you expressed about
3 revenue decoupling via Section 14.3 of the
4 Settlement Agreement, in which Eversource agreed
5 to propose a symmetrical decoupling mechanism in
6 its next rate case?

7 A (Nelson) Yes.

8 Q And I am not going to trouble everybody to get
9 any -- that's you or anyone else to define what
10 "revenue decoupling" actually is. But I do think
11 it's important for there to be some clarity upon
12 the record about what the word "symmetrical"
13 means in this context.

14 And, since you used that word in your
15 prefiled testimony, and since it appears in the
16 Settlement Agreement, if you could just briefly
17 explain what makes a decoupling mechanism
18 "symmetrical"?

19 A (Nelson) Well, at a high level, a symmetrical
20 revenue decoupling mechanism is going to share
21 risk between the utility and ratepayers equally.

22 Would you like a -- is that the --
23 would you like the high-level version or --

24 Q No. I think the high-level version is

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 sufficient.

2 And would it also be fair to say that
3 the Lost Revenue Adjustment Mechanism is not
4 symmetrical, and that is the reason why we like a
5 symmetrical decoupling mechanism in the next rate
6 case?

7 A (Nelson) Yes. The counter of a symmetrical
8 revenue decoupling mechanism would be the LRAM
9 mechanism, yes, the Lost Revenue Mechanism.

10 Q And would it also be fair to say that you agree
11 with Section 14.6 of the Settlement Agreement, in
12 which the Company agrees to collaborate and then
13 propose amendments to its tariff with respect to
14 the optional time-of-day rate for residential
15 customers?

16 A (Nelson) Yes.

17 CHAIRWOMAN MARTIN: Mr. Kreis, I
18 apologize for the interruption, but we need to
19 take a two-minute break.

20 I apologize. Let's go off the record.
21 We'll be right back.

22 *[Recess taken at 1:38 p.m., and the*
23 *hearing resumed at 1:40 p.m.]*

24 CHAIRWOMAN MARTIN: Okay. Let's go

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 back on the record. And, Mr. Kreis, go ahead.

2 MR. KREIS: Okay. Thank you, Madam
3 Chairwoman.

4 BY MR. KREIS:

5 Q Mr. Nelson, would it be fair to say that the
6 remainder of the issues that you addressed in
7 your prefiled testimony that you filed back in
8 December were sort of reduced, for purposes of
9 compromise, to the provisions in the Settlement
10 Agreement that relate to revenue apportionment?

11 A (Nelson) Yes. I think that's a fair assessment.

12 Q And, so, therefore, do you mind explaining to the
13 Commission how the revenue apportionment
14 provisions of the Settlement Agreement work, and
15 why you consider them to be acceptable
16 compromises from the perspective of the Company's
17 residential customers?

18 A (Nelson) Yes. Happy to do so. For reference,
19 I'm leaning in -- leaning on Appendix 10, Bates
20 Page 172, if folks want to follow along there.

21 So, the Settlement apportions
22 distribution service rate increases equally among
23 all customer classes, except for the outdoor
24 lighting class, as Mr. Davis explained earlier.

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 Specifically, the overall distribution
2 rate increase of 13 percent is achieved by
3 assigning each of the Residential, General,
4 Primary General, and Large General Service
5 classes a 13.7 percent distribution rate
6 increase, while reducing the outdoor lighting's
7 rate increase by 17.7 percent. And, again, as
8 Mr. Davis discussed, that is done through direct
9 assignment and this desperate -- disparate
10 treatment of the outdoor lighting class was
11 supported by the cost studies under various
12 assumptions.

13 Because the distribution service
14 related portion of each rate class's revenue
15 requirement differs, the method of assigning an
16 equal distribution rate increase results in a
17 different overall or total rate increase. For
18 this reason, total bill impacts for the customer
19 classes receiving the equal distribution rate
20 increase vary, from a low of 2 percent to the
21 Large General Service, to 4.7 percent for the
22 Residential Service class. The variance
23 associated with the total bill increases is
24 directly related to that proportion of each

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 class's bill and is attributed to the
2 distribution service.

3 For the two classes just noted, the
4 distribution services may have a lower portion of
5 the Large General class -- class's total bill
6 than the Residential class. Therefore, even
7 though both classes receive the same distribution
8 rate increase, that total -- the equal increase
9 results in a higher total increase for the
10 Residential class.

11 I find the Settlement Agreement's
12 method for apportioning revenue to be reasonable.
13 And the Settlement Agreement reflects a
14 compromise from where Parties began in direct
15 testimony.

16 More importantly, assigning most
17 classes an equal distribution rate increase is an
18 inequitable -- is an equitable approach under the
19 uncertainties created by COVID-19. The pandemic
20 has impacted each customer class differently, and
21 will continue to have impacts for an unknown
22 period. Apportioning revenues equally
23 prioritizes rate stability and equity, which I
24 think is appropriate during these uncertain

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 times.

2 MR. KREIS: Thank you, Mr. Nelson.

3 Madam Chairwoman, those are all the
4 questions I have for Mr. Nelson on direct.

5 CHAIRWOMAN MARTIN: All right. Thank
6 you, Mr. Kreis.

7 Mr. Buckley, do you have questions for
8 direct?

9 MR. BUCKLEY: Thank you, Madam Chair.
10 Just a few questions for Mr. Chagnon.

11 BY MR. BUCKLEY:

12 Q Mr. Chagnon, are you familiar with the
13 commitments in Section 17 [14?] of the
14 Settlement, just summarized by the previous
15 witnesses, including the tariff provision
16 relating to competitive supplier enrollment
17 blocking, the commitment to a symmetrical
18 decoupling mechanism in the Company's next rate
19 case, a freezing of customer charges at the
20 temporary rates level, the phase-out of declining
21 block rates, allocation of revenue requirement
22 among classes, including outdoor lighting, and
23 future commitments to the development of
24 time-of-use rates and streetlighting tariffs?

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 A (Chagnon) Yes. I am fully familiar with all of
2 the provisions in Section 16 [14?].

3 Q And am I correct in understanding that, from your
4 perspective, the Settlement's resolution of all
5 those issues is in the public interest and will
6 result in just and reasonable rates?

7 A (Chagnon) I do. Yes.

8 Q Now, Mr. Chagnon, I am just going to very briefly
9 follow up on a discussion that occurred yesterday
10 relating to competitive supplier enrollment
11 blocking. Do you recall that discussion at all?

12 A (Chagnon) Yes, I do.

13 Q And, so, am I correct in understanding that the
14 Settlement does not adopt the tariff provisions
15 in the Company's direct testimony related to
16 competitive supplier enrollment blocking?

17 A (Chagnon) You are correct.

18 Q And would I be correct to observe that the
19 formerly proposed tariff language was essentially
20 borrowed from the Company's neighboring
21 jurisdictions, but that New Hampshire differs
22 from those jurisdictions because it does not
23 normally provide competitive suppliers with a
24 list of customers for those suppliers to pursue

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 and, in turn, provide retail supply offers?

2 A (Chagnon) Yes.

3 Q And is the fact that New Hampshire does not
4 provide such a list, does that likely impact the
5 need, or lack thereof, for such a provision in
6 New Hampshire?

7 A (Chagnon) That's correct.

8 Q Now, my final question for you today, Mr.
9 Chagnon, is about the "Summary of Current and
10 Proposed Distribution Rate" changes. It's a
11 sheet included in Attachment 10 of the testimony,
12 and that can be found at Bates Page 174.

13 A (Chagnon) Yes.

14 Q And would I be correct in observing that there
15 are some rate changes which might look a little
16 different than the Commission is used to seeing
17 within this sheet?

18 A (Chagnon) Yes.

19 Q And is it possible that some of those rate
20 changes relate to the Company having transitioned
21 away from a company that owned generation and to
22 a purely distribution company, and the fact that
23 that impacts the marginal cost of service,
24 amongst other things?

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 A (Chagnon) Correct.

2 MR. BUCKLEY: Thank you. That's all
3 for Mr. Chagnon.

4 WITNESS CHAGNON: Mr. Buckley?

5 MR. BUCKLEY: Go ahead, Mr. Chagnon.

6 WITNESS CHAGNON: I did want to correct
7 that the "Tariffs and Rate Design" is Section 14.
8 I had misspoke when I said "16".

9 MR. BUCKLEY: Okay. Thank you,
10 Mr. Chagnon.

11 WITNESS CHAGNON: Thank you.

12 CHAIRWOMAN MARTIN: Okay. Commissioner
13 Bailey.

14 CMSR. BAILEY: Okay. Thank you.

15 BY CMSR. BAILEY:

16 Q Mr. Chagnon, could you just say what you said
17 again about the reason why other states might
18 need the provision in the tariff, the option for
19 customers to block supplier changes, but New
20 Hampshire doesn't?

21 A (Chagnon) I believe in other states, which is
22 Massachusetts and Connecticut, require utilities
23 to report periodically to the energy suppliers
24 customers and customers' information that is

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 currently on a default service, so that they can
2 either approach those customers for competitive
3 supply.

4 Q Okay. And, Mr. Davis, is it possible for your
5 system to implement -- to implement that choice
6 for all customers, even those not on default
7 service, or is it limited to customers on default
8 service, the billing system?

9 A (Davis) I'm sorry. Are you asking about the
10 reporting of that or of the ability to implement
11 that switch?

12 Q The ability to -- the ability to implement the
13 blocking?

14 A (Davis) For New Hampshire? I don't exactly know
15 the answer. But I would propose that, when
16 Ms. Conner is on later this week, she can address
17 that, in terms of the capabilities of the system.

18 Q Okay.

19 CHAIRWOMAN MARTIN: Commissioner
20 Bailey?

21 CMSR. BAILEY: Yes.

22 CHAIRWOMAN MARTIN: Are you going to
23 move off of that topic? I have a question.

24 CMSR. BAILEY: Yes.

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 CHAIRWOMAN MARTIN: If you don't mind,
2 I'll do it now.

3 CMSR. BAILEY: Yes.

4 BY CHAIRWOMAN MARTIN:

5 Q I just want to make sure I'm understanding the
6 issue and the concern that the provision in the
7 Agreement addresses.

8 Can you explain to me how incoming
9 enrollments occur currently? And I guess I'd
10 like to hear from Staff specifically what the
11 concern is with allowing the blocking to default
12 customers?

13 MR. FOSSUM: Ed, you're on mute.

14 **BY THE WITNESS:**

15 A (Davis) I apologize. I can provide a high-level
16 review of the process. I understand the Company
17 receives an enrollment from a supplier, a
18 competitive supplier. There's a transaction
19 known as an "EDI" transaction, "Electronic Data
20 Interchange". And customers -- suppliers submit
21 that enrollment. And upon receipt, and I think
22 verification, and I believe at the next meter
23 reading, for an individual customer being
24 enrolled, they would be switched to receive

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 supply from that competitive supplier.

2 I don't know the detailed mechanics of
3 that, and there may be some other details you
4 might be interested in knowing about. But does
5 that give you a general idea of the process?

6 BY CHAIRWOMAN MARTIN:

7 Q So that you said "verification", is that
8 verification with the customer?

9 A (Davis) I understand there's certain account
10 information that is provided. And there would
11 have to be certain requirements, such as
12 authorization for enrollment and those kinds of
13 things.

14 But I think most of that is automatic.
15 I kind of have to beg off on the details of that.
16 Certainly can, again, have Ms. Conner provide
17 more details on that. That is within her
18 purview.

19 Q Okay. Thank you. Mr. Chagnon, could you explain
20 anything more you know on that, as well as the
21 concern?

22 A (Chagnon) I do want to mention that this was
23 covered in Ms. Noonan's testimony, which is in
24 Exhibit 31, which has not been submitted yet.

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 And Ms. Noonan will be a panelist tomorrow. And,
2 so, certainly can follow up with her then.

3 However, I believe that this is not an
4 issue in New Hampshire for competitive suppliers,
5 for the customers. And it can be confirmed
6 tomorrow.

7 CHAIRWOMAN MARTIN: Okay. Thank you.
8 I can wait for Director Noonan --

9 *[Court reporter interruption due to*
10 *indecipherable audio.]*

11 CHAIRWOMAN MARTIN: I said, okay, thank
12 you. I can wait for Director Noonan tomorrow.
13 Commissioner Bailey, thank you.

14 Mr. Buckley, did you have your hand up
15 in the interim? I apologize.

16 MR. BUCKLEY: I was just going to say
17 exactly what Mr. Chagnon did.

18 CHAIRWOMAN MARTIN: Okay. Thank you.
19 Commissioner Bailey.

20 CMSR. BAILEY: Okay. Thanks.

21 BY CMSR. BAILEY:

22 Q Can we look at Tariffs, 14.5? And I think I
23 understood from your direct testimony, Mr. Davis,
24 the second sentence. So, outdoor lighting costs

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 are separately accounted for. Can you just go
2 over that middle sentence again? "For clarity,
3 the Company shall directly assign costs to
4 outdoor lighting, and then allocate the remainder
5 of the costs...on an equal percent basis."

6 A (Davis) Yes. So, we have a grand total revenue
7 requirement, you know, rate change that we're
8 trying to allocate here. But, for streetlighting
9 specifically, we needed to assign the cost of
10 service for the revenue requirements for
11 streetlighting in a very direct manner, so that
12 we could separate out the delivery charges or the
13 cost for delivery service from the costs of the
14 equipment and the maintenance itself for
15 lighting. So that, those are very specific FERC
16 accounts, those are very specific sets of costs
17 within our cost of service. And they're --
18 because they're specific, they're classified as
19 "direct assignment costs" specifically for that
20 class.

21 So, in order to fairly and
22 appropriately allocate the streetlighting
23 specific cost of service, we direct assign those
24 revenue requirements to that class. And, when

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 you take that portion of revenue requirements
2 from streetlighting, you pull it out of the total
3 you're allocating, and the remainder then gets
4 allocated for the remaining rate classes.

5 CHAIRWOMAN MARTIN: Mr. Davis, we've
6 lost your video again. Let's go off the record
7 for a minute until you come back.

8 *[Off the record due to connectivity*
9 *issues with Witness Davis.]*

10 CHAIRWOMAN MARTIN: Let's go back on
11 the record. Commissioner Bailey.

12 BY CMSR. BAILEY:

13 Q Okay. If we -- so, that sentence says that you
14 "allocate the remainder of the costs to each
15 customer class on an equal percent basis." And
16 I'm trying to --

17 A (Davis) That's correct.

18 Q And I'm trying to see where that equal allocation
19 takes place. And, if we look at Bates Page 169,
20 which is a full summary page of Appendix 10?

21 A (Davis) Yes.

22 Q That shows the percent increase in revenue for
23 each class, is that right? In the far right-hand
24 column?

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 A (Davis) Yes. The thing with -- I'm going to
2 direct you to a different page, but just to
3 address this page. This really is -- and let me
4 confirm, we're talking about the red or the black
5 Bates number? You said "169", Commissioner?

6 Q The red Bates number, 169.

7 A (Davis) Oh. Okay. I was at the following page.
8 Yes. So, this actually shows the effect of the
9 revenue change on a total revenue basis, if you
10 will. So, the "Current Rates" and the "Proposed
11 Rates" columns, for example, are all the
12 components of service, not just distribution.

13 So, I think, to answer your question, I
14 would like -- actually would like you to look at
15 Bates, I'm just going to the page -- just a
16 couple pages forward. And I'm going to -- so,
17 this would be Bates red 174, if you will. And
18 this is the actual allocation page. This page
19 shows how we allocate the total revenues among
20 classes. And I think, as Mr. Nelson had
21 mentioned, he was referring to this earlier. But
22 let me quickly walk you -- briefly walk you
23 through this, then you may have some further
24 questions.

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 So, the upper section shows the total
2 dollars and the percentages from a distribution
3 perspective. And you can see, on Line 15, you
4 have a rate adjustment, "44,986". We make a few
5 adjustments, so that we can determine how much to
6 allocate to non-streetlighting. But I could
7 simply say that, overall, we're looking to
8 allocate those dollars among these rate classes.
9 And you can see there's both the distribution
10 sort of base rates that go into this, and then
11 below you have a recoupment piece as well.

12 But I actually think it would be more
13 instructive just to walk through the lower
14 section here, Lines 33 through 69. And you can
15 see in the lower right, there's a "13 percent"
16 allocation percentage. That's overall. But, if
17 you go up one line, you'll see for
18 streetlighting, EOL and -- it's our outdoor
19 lighting, Rates EOL and OL, and total. There's
20 an overall "17.74 percent" decrease, which is the
21 result of that direct assignment we talked about
22 a minute ago.

23 So, when you allocate the remainder, if
24 you look above that, you can see generally about

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 13.6 to 13.7 percent, roughly 13.7 percent among
2 each of the rate classes. They are shown as
3 groups. So, Residential, Rate R and R-TOD,
4 "13.68 percent"; the Water Heating kind of group
5 is 13.7 percent; Rate G, 13.7, etcetera.

6 Now, you'll see some slight differences
7 for two reasons. One, there is a little bit of
8 rounding, and some special treatment in some of
9 the classes. But, particularly, Rate B actually
10 has some transmission-connected customers. So,
11 they don't actually get much of a distribution
12 increase, they don't get a customer charge or
13 other revenue increase. But there's a subset of
14 customers here that are connected at the
15 transmission voltage. So, they're not actually
16 utilizing distribution facilities. So, they will
17 get a slightly lower proportion. But, if you
18 were to drill down into the details of that, the
19 rates -- the charges and the rates that do apply
20 to distribution service are getting that same
21 13.7 percent.

22 So, effectively, we've done a direct
23 assignment and reduced streetlighting by 17.74
24 percent. And the equal proportion to all other

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 classes, at a class level, is seen in the
2 "% Change" column above for each of those groups
3 of classes.

4 So, that's effectively the outcome that
5 gets us to the total overall increase. And you
6 can see there's a proposed "D Change" column
7 right in the center, and a "Recoup D Change".
8 Those two together make up the total, which you
9 can see in Column G, at the bottom, "45,567.4".
10 That's the overall distribution increase in the
11 Settlement. And, when you factor in both the
12 13.7 across all other classes, and a direct
13 assignment for streetlighting, comes out to an
14 average of 13 percent.

15 Q Okay. Can you tell me what's going on in
16 Column F? Where does that number come from?

17 A (Davis) Okay. So, Column F will be the sum.
18 There's two -- there's two columns, E and F. One
19 is, there's a target that we design rates to, and
20 then Column F is the outcome of that. And the
21 thing with rate design is, you might have total
22 dollars you're trying to design rates to, but our
23 rates might be, for example, demand charges are
24 to two decimal places. Kilowatt-hour charges are

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 typically defined to three decimal places. So,
2 there's a little bit of rounding. And, when you
3 do that for all the customers and you add it all
4 up, there's some slight differences. But,
5 generally, this is a revenue group that says we
6 met the target within that tolerance of, you
7 know, \$5,000, in this case.

8 Q Okay. Thanks. Could we go back to Bates Page
9 169?

10 A (Davis) Yes.

11 Q I have to rotate my pages again.

12 A (Davis) I'm doing the same thing.

13 Q Okay. So, the bottom of Column F, on that page,
14 shows that the revenue is increasing "\$45.567
15 million".

16 A (Davis) Yes.

17 Q But the page we were looking at a minute ago, and
18 Page 6 [Page 5?] in the Settlement Agreement says
19 that the revenue increase is "44.987 million"?

20 A (Davis) I think the difference is the recoupment
21 piece.

22 A (Horton) It is. And you can see that on the
23 Bates pages we were referencing. I think it was
24 174. If you go back to that, you can see that in

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 Column -- I just had to jump back to it. You can
2 see the "45,567" is Column G, which is the sum of
3 Column C and D. Column C is the 44 million base
4 distribution increase that I believe you just
5 referenced. And then, the 575,000 recoupment is
6 in Column D.

7 A (Davis) Yes.

8 Q Okay. Great. Thank you. All right. Back to
9 169, one more question on a number there.

10 A (Davis) Okay.

11 Q Rotate again. Okay. Oh, on the Outdoor Lighting
12 number, --

13 A (Davis) Yes.

14 Q -- it says the revenue decrease is in Column F,
15 by "1.346938"?

16 A (Davis) Yes.

17 Q You see that? And, in the Settlement, in
18 Paragraph 14.5, I think it says "1.356", not
19 "1.346". And I was just wondering if that was
20 something else I'm missing there, if that's a
21 typo or --

22 A (Davis) Boy, you know, I think that's a
23 coincidence. I'm just going to jump to the --

24 A (Horton) I think it's the recoupment again.

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 Q Okay.

2 A (Horton) I'm sorry I had to cut you off.

3 A (Davis) I think you're right.

4 A (Horton) Yes. If you go back to that Bates 174,
5 you can see the "1.356" for OL, on Line 64,
6 Column C again. And then, you see recoupment of
7 9,000 in Column D. So, the "1.346", on
8 Bates 164 [174?], as shown in Column G as being
9 the sum of those two numbers. So, the base
10 amount is the 1.356 credit, and a \$10,000
11 recoupment.

12 Q Thank you.

13 A (Horton) Right, Ed?

14 A (Davis) I believe so. I'm just checking myself.
15 That sounds right. So, those numbers match.

16 Q Okay.

17 A (Davis) That's correct. That is correct. I'm
18 just confirming. Absolutely.

19 Q Okay. Thanks.

20 A (Davis) You're welcome.

21 Q All right. Jumping to the time-of-use rate,
22 Paragraph 14.6. Is the reason that you have a
23 peak period no more than eight hours because your
24 meters can't do better than that?

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 A (Davis) In that provision, actually, what we're
2 doing here is we're taking a fresh look at where
3 costs -- the time period, and how many hours the
4 cost of service, you know, would occur on a
5 time-of-use basis. So, really, this is not so
6 much an issue of measuring the kilowatt-hours,
7 and remember, this is for residential rates, as
8 you're in the kilowatt-hours during a different
9 peak period, we set our meters to accomplish
10 that. It's a matter of trying to hone in on the
11 peak period that provides, you know,
12 differentiated pricing between the peak and
13 off-peak periods, and making sure we do have a
14 period that spans a sufficient period.

15 But I think, in our review and
16 discussions leading to this Settlement, we find
17 that, within an eight-hour period, it could be
18 fewer hours. But, within an eight-hour period,
19 that's seems to be where the most, if you will
20 "peaky" costs occur. And, so, this gives us our
21 guideline to further hone in on what the actual
22 peak period might be, within a two-period rate
23 structure.

24 So that it's really that simple. I

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 think it gives us the guide within which to look
2 at not only the duration, the number of hours,
3 but which hours, you know, starting at such and
4 such a time and ending at such a time.

5 So, this is kind of where we kind of
6 left off in our review and discussion of "what
7 can we do for sort of the next generation version
8 of this rate?"

9 A (Horton) And just briefly, if I could just build
10 off what Ed said.

11 It wasn't a metering limitation. It
12 was really similar to some of the other
13 provisions in the Settlement. We were making
14 good progress, having productive discussions. We
15 all agreed that we would benefit from more time
16 to continue to collaborate on the details of the
17 two-part time-of-use rate structure. So, the
18 Settlement Agreement just describes really as far
19 as we could -- we got, in the timeframe that we
20 had. And a commitment to continue to working
21 together on what the right timeframe is, what the
22 period is, what the differential is, all those
23 things.

24 Q Okay. So, within six months, we'll have a

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 peak/off-peak period, and the peak period won't
2 be more than eight hours. But that doesn't limit
3 anyone's ability to argue that there should be a
4 smaller peak period going forward?

5 A (Davis) That's correct.

6 Q Maybe there should be more than two -- two
7 time-of-use rates in a day?

8 A (Davis) So, I think -- I think that's generally
9 correct, yes, Commissioner.

10 Q Okay. In Paragraph 14.8, can you tell me what
11 you mean, in Paragraph (a), about "midnight
12 lighting hours shall be adjusted accordingly"? I
13 don't understand what that means.

14 A (Davis) So, we have, I think it was in 2008, we
15 introduced, it might have been in the prior case,
16 but we had introduced an alternative to
17 conventional standard dusk-to-dawn lighting,
18 where we offered an option, lighting, where
19 devices -- the fixtures could be turned off at
20 midnight. So, when we changed the assumed hours
21 of operation, we're basically talking about
22 dusk-to-dawn lighting. But, because we have this
23 separate provision, alternative for midnight
24 lighting, it's a shorter number of hours.

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 So, whatever the new hours are for the
2 dusk-to-dawn, it's going to start a half hour
3 after sunset. So, when you basically apply that
4 over all the hours in a month and all the months
5 in a year, you're going to have to make a
6 corresponding adjustment to midnight, where the
7 lighting would start, again, start a half hour
8 after sunset, but now ending at midnight. So,
9 it's just a corresponding adjustment that falls
10 from the new burn hours that we are establishing.

11 Q And you're not eliminating the option for a
12 customer to have their lights shut off at
13 midnight, is that right?

14 A (Davis) That's correct.

15 Q And what is --

16 A (Davis) Go ahead. I'm sorry.

17 Q What is the adjustment related to?

18 A (Davis) So, what we've done is we've looked at
19 Concord sunset and sunrise times. And we've used
20 the National Oceanographic Administrative --
21 Atmospheric Administration database, which ties
22 to -- it's very similar, it's what the Farmer's
23 Almanac and many other sources rely on.

24 But we have agreed that we could set a

[WITNESS PANEL: Davis|Horton|Rubin|Nelson|Chagnon]

1 standard for sunrise and sunset each day, and
2 then determine that for all the days in a month,
3 and set the total number of hours in that month
4 that lighting would occur. So, we've agreed that
5 we will, and this is consistent with the way our
6 photocells work, basically, lights will turn on a
7 half hour after sunset, and then will turn off a
8 half hour before sunset *[sic]*.

9 So, this refresh or update, using this
10 standard data out of Concord again, will give us
11 a new set of burn hours, in other words, the
12 hours that lights are on. And the midnight
13 option will just fall in line with that new sett
14 of hours.

15 Q What do you use those total number of hours for?

16 A (Davis) Those are applied to the kilowatt-hour
17 base charges in our rates, so, energy supply,
18 each of the tracking mechanisms. It doesn't
19 change the charge for streetlighting itself, or
20 the delivery piece of it, the transmission piece.
21 But it does affect all the other components of
22 service.

23 Oh, and I was going to add, that the
24 advanced lighting option then will be a modifier

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1 to those new hours. So, the advanced lighting, a
2 town, a municipality might say "Here's my
3 schedule. I want to dim my lights." Or, "I want
4 to turn them off", whether it's midnight or some
5 other time. Whatever they say that is, it will
6 be -- those burn hours will come into play, and
7 the kilowatt-hours will depend on the schedule
8 we're given and these new burn hours.

9 Q Okay. Thanks. I think I have it.

10 A (Davis) You're welcome.

11 Q Mr. Horton, is this the panel that I would ask
12 questions of about the RRA?

13 A (Horton) I think so. We can certainly do our
14 best.

15 Q Okay. Can we look at Paragraph 9.1(c)? I think
16 I'd like to hear from Mr. Chagnon on this
17 question.

18 So, this provision allows the Company
19 to collect additional revenue every year based on
20 actual tax bills from the prior year. Is that
21 correct?

22 A (Chagnon) That is correct.

23 Q So, if they -- if the Company can recover any
24 amount of tax, does this provision, that any

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1 amount of tax that was actually billed and paid,
2 does this provision reduce the incentive for the
3 Company to seek abatements for outrageous tax
4 bills?

5 A (Chagnon) No, it does not. The Company has a
6 duty to pursue any abatements that they deem
7 appropriate.

8 Q Mr. Horton or Mr. Davis, do you have anything to
9 add to that?

10 A (Horton) I mean, I completely agree with what Mr.
11 Chagnon said. We know how difficult -- so, it's
12 really hard to get rate increases through, we
13 know that. We would much rather those rate
14 increases be justified based on, you know,
15 increased investments in the system that we make
16 that's delivering value to our customers. We
17 understand that property tax expense is a cost of
18 doing business, of course, but, certainly, where
19 we're continuing to pursue those as being, you
20 know, reasonable for our ratepayers to pay.

21 I'd also just note that this provision
22 would also reconcile to the customer's benefit.
23 So, to the extent that our property tax expense
24 declines, which it actually did during the course

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1 of this proceeding, to the customer's benefit,
2 from what we had originally filed, that would
3 also be reflected as a credit through the RRA.

4 But, to your question, at least from my
5 seat, no, it doesn't. You know, just the fact
6 that we get cost recovery, doesn't eliminate our
7 motivation to try to keep those taxes that are
8 reflected in our rates reasonable, to the benefit
9 of customers.

10 Q Okay. That's great. Can you tell me how this
11 provision works? When you get a tax bill that
12 you -- well, how long does it -- how long do you
13 have to file an abatement, do you know?

14 A (Horton) I do not know.

15 Q So, my question is, if you get a tax bill, and
16 it's high, so you're going to seek an abatement,
17 will you know that by the time you file the RRA?
18 Or, will the RRA include that tax increase from
19 that one town, and then credit it back if you win
20 on the abatement? Do you understand what I mean?

21 A (Horton) I do understand. And my expectation
22 would be what you just described. So, we would
23 be reflecting what we record as expenses, and
24 reconciling that recognized expense amount to the

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1 amount in base rates. And then, subject to the
2 determination upon appeal, if the abatement is
3 related to something that we've charged customers
4 through in the, you know, years after the test
5 year, and we receive abatement for those amounts,
6 we would credit customers through the RRA, once
7 the abatement is known, as opposed to assuming
8 the abatement appeal would be successful.

9 Q Uh-huh. Okay. Is there a way that we can keep
10 track of it? Like, could you identify tax bills
11 that increase far more than X percent, and I
12 don't know what the "X" should be, so that those
13 would be flagged? You know, is there -- is there
14 a percent increase that you might automatically
15 look at and consider abating?

16 A (Horton) I mean, generally -- so, I'm not the tax
17 expert. But my understanding is, generally, it's
18 most -- you know, I believe, mostly our basis for
19 appeal is on the manner on which the taxes are
20 assessed, because our -- we may, you know, it may
21 be that we think that the property tax bill
22 should go down. Not necessarily that it's an
23 increase versus some level, it's just that we
24 think the amount that we're being assessed and

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1 billed is unjust, and we would pursue an appeal
2 on that basis. I don't know that we -- I don't
3 think the Settlement Agreement describes, you
4 know, how we would track it. But I think it's a
5 fair request. So, I don't know how we deal with
6 that.

7 But, you know, certainly, I would want
8 to have transparency around, when we come in to
9 seek recovery for something or we're giving a
10 credit back for an abatement that we've won, I
11 think it helps us to have a transparent process.
12 So, we can certainly figure that out, how we do
13 that, and whether it makes everybody comfortable
14 with, you know, what's in our RRA.

15 We could just include that as part of
16 our RRA. That's actually about the simplest way
17 to do it. In our annual RRA filing, we could
18 have a section that goes through and details the
19 property tax expenses that have been recorded in
20 the prior year, noting any offsets that are
21 subject to abatements.

22 CMSR. BAILEY: That sounds good. Thank
23 you.

24 Okay. Thank you. I think that's all

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1 the questions I have for this panel.

2 CHAIRWOMAN MARTIN: All right.

3 CMSR. BAILEY: Well, I have one more, I
4 did have one more question. Sorry.

5 CHAIRWOMAN MARTIN: Go ahead.

6 CMSR. BAILEY: That I just noticed in
7 my notes.

8 BY CMSR. BAILEY:

9 Q Mr. Davis, can you go over what the new charges
10 and fees are, just sort of give me an idea of
11 what the new charges include? You said you made
12 some adjustments in charges, but what did you
13 add?

14 MR. FOSSUM: Ed, you're muted.

15 CHAIRWOMAN MARTIN: Mr. Davis, you're
16 on mute.

17 **BY THE WITNESS:**

18 A (Davis) Thank you. So, we did add two new
19 charges. There's a -- well, actually, let me
20 start over.

21 We have basically updated any
22 miscellaneous service charges. So, in addition
23 to the pricing for the rate schedules, certain
24 charges were updated due to just current costs.

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1 Those included -- apologies, I'm just trying to
2 get my summary list here.

3 A number of miscellaneous services,
4 okay. So, we updated our charge -- a return
5 payment for insufficient funds, so we had an
6 updated charge. I think that was from \$5 to \$13.
7 We added -- we added a new charge for meter
8 tampering. It's updated to include -- the
9 provisions of the tariff were updated, and we
10 added a charge of \$250 for meter diversion. It's
11 basically intended to be a deterrent for theft of
12 service.

13 See what else I have here. Oh, our
14 Load Pulse Output service. So, we have a service
15 for these devices called "isolation relays". And
16 we've updated those. That's now an \$800 charge.
17 And that's just based on our costs. Our
18 off-cycle meter reading charge, we had a charge
19 of \$53 per meter -- I'm sorry, we proposed \$53, I
20 apologize, if the customer's meter is
21 telemetered. And, if it's not telemetered, it's
22 \$84.

23 So, these are all basically updates.
24 We have a charge for, if a supplier defaults, and

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1 we have a customer transfer charge for account of
2 \$64, so that's a change from current rates. And
3 I don't recall there were too many other charges
4 besides that that we're updating there.

5 We are implementing, of course, the new
6 line extension policy, that that was required to
7 be implemented in our next distribution rate
8 case. So, that is included in our filing, and
9 will be in our compliance tariff, and certainly
10 reflected in Appendix 9 that we have today.

11 I think that's most of the charges.
12 There were a couple others. And I apologize, I
13 would have to -- have to cull through the
14 documents again. But I think those are the bulk
15 of the charges.

16 I do want to say that supplier default
17 and customer transfer charge actually was a new
18 charge. That's something we had added.

19 So, those are most of the -- most, if
20 not all, of the new charges. Or, it's just a
21 small handful of these.

22 I think you had asked about the new
23 ones, I apologize. I got stuck between just
24 updating costs and the new charges. But it was

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1 the meter tampering and the supplier transfer
2 charge I think are the two new ones.

3 BY CMSR. BAILEY:

4 Q What's the supplier transfer charge for?

5 A (Davis) If a supplier defaults, there's some
6 administrative process that goes along with
7 bringing the customer back and reestablishing him
8 on default service.

9 Q And the customer would pay that or the supplier?

10 A (Davis) Probably that's a supplier charge.

11 Q Okay. All right. And did you used to have an
12 off-cycle meter reading charge?

13 A (Davis) We did. I think it was -- there was like
14 degrees of, you know, whether it was done during
15 hours and afterwards hours. So, basically, we
16 have just updated that and cleaned up the
17 provisions of that.

18 Q And does anybody have any concerns that the
19 off-cycle meter reading charge could dissuade
20 somebody from switching to a supplier, a
21 competitive supplier? Or, is it just cost-based,
22 and it needs to be updated?

23 A (Davis) I mean, it truly would be a cost-based
24 update or a cost-based charge. That I haven't

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1 seen any issues with that at this point.

2 CMSR. BAILEY: Okay. Thank you, Madam
3 Chair.

4 **BY THE WITNESS:**

5 A (Davis) Just trying to go through --

6 CMSR. BAILEY: I'm all set.

7 CHAIRWOMAN MARTIN: Okay. Thank you.

8 And all of my questions have been answered. But
9 I have just a couple follow-up questions for my
10 own just knowledge.

11 BY CHAIRWOMAN MARTIN:

12 Q On the Paragraph 14.6, the term related to the
13 time-of-day rates, I'm wondering, since it's been
14 optional, how much customer participation you've
15 had related to that, if you know? Looks like we
16 lost Mr. Davis again.

17 A (Horton) I can try to retrieve that answer while
18 he's reconnecting.

19 Q Okay. That would be great. Thank you.

20 WITNESS DAVIS: I'm on. I can see
21 myself.

22 WITNESS HORTON: I don't think that
23 helps us.

24 WITNESS DAVIS: Can you hear me?

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1 WITNESS HORTON: We can hear you?

2 CHAIRWOMAN MARTIN: We can hear you.

3 WITNESS DAVIS: All right. Wow.

4 CHAIRWOMAN MARTIN: Oh, you're back.

5 WITNESS DAVIS: Okay. Good.

6 BY CHAIRWOMAN MARTIN:

7 Q All right. I don't know if either of you can
8 answer that?

9 A (Horton) We're tracking that number down. I'll
10 have it in just a moment.

11 Q Okay.

12 A (Davis) Could you repeat the question?

13 Q The question was related to how -- how much
14 customer participation you've had with the
15 current optional time-of-day rate for residential
16 customers?

17 A (Davis) I can tell you the number is less than
18 50.

19 Q Less than 50 customers?

20 A (Davis) Correct.

21 Q Wow. Okay. That's good enough. And advanced
22 lighting controls, in 14.8(c), can you describe
23 what those are?

24 A (Davis) Well, we have a number of municipalities

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1 who have installed a network of sorts, which
2 allows them to control their lighting. And it
3 might be tied to a number of other technologies,
4 gun shot detection, parking lot occupancy. So,
5 they have, respectively, a network of various
6 applications, which includes being able to dim or
7 control lighting.

8 And, so, the challenge is that the
9 municipality may want to schedule how they
10 operate their lights differently than the
11 standard operating schedule. So, the advanced
12 lighting control provision will allow us to
13 receive a schedule from the municipality. They
14 will tell us, effectively, what their operating
15 schedule is, and we'll convert that to the
16 equivalent number of hours that translates to.
17 And, so, it's, for us, it's a simple mechanism of
18 converting the schedule to an adjustment to the
19 number of hours we specify for the hours of
20 lighting. If they dim the lights to half, half
21 level, then the number of hours in the month will
22 be half of what we have in our rate schedule.
23 So, it allows us to standardize the burn hours
24 and set up our billing to accommodate the

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1 schedule that the municipality will designate,
2 and that will apply to all of their lights. And
3 then they can operate those and maintain them in
4 the manner that they choose. And, if there's a
5 change in schedule, they simply have to provide
6 us an update to that.

7 We had been talking with some of the
8 municipalities who, you know, were kind of early
9 pro-LED leaders, in the City of Durham, for
10 example, that were accounts who have already
11 installed these lights, and we're working out the
12 bugs as it is. So, this is a very timely and
13 practical method to be able to apply this. And,
14 again, we just have to make changes in our
15 billing system, so that we accommodate all the
16 details of this. But that's effectively what it
17 boils down to.

18 CHAIRWOMAN MARTIN: Okay. Thank you
19 for that. Okay. I don't have any other
20 questions.

21 Let's see, Mr. Fossum, do you have any
22 redirect?

23 MR. FOSSUM: No, I do not. Thank you.

24 CHAIRWOMAN MARTIN: And Mr. Buckley?

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1 MR. BUCKLEY: Just one question for
2 Mr. Chagnon.

3 **REDIRECT EXAMINATION**

4 BY MR. BUCKLEY:

5 Q Mr. Chagnon, would you agree that the passage of
6 a utility property tax assessment reform bill in
7 2019, known as "HB 700", might impact the
8 reasonableness of a provision within a settlement
9 in this rate case related to recovery of utility
10 property taxes?

11 A (Chagnon) Yes, I would.

12 Q And would it make it -- would the passage of that
13 bill and the phasing in of the methodologies
14 agreed to, would that alleviate concerns around
15 having to continue -- or, some degree of concern
16 around having to continue to provide utilities
17 with a heavy incentive to seek abatements?

18 A (Chagnon) Yes, it is. Correct.

19 MR. BUCKLEY: Okay. Thank you. That's
20 it for Mr. Chagnon.

21 CHAIRWOMAN MARTIN: Okay. Thank you.
22 And, Mr. Kreis, I don't think your witness got
23 any follow-up questions. But if you have
24 follow-up on prior questions?

1 MR. KREIS: Nothing from me, Madam
2 Chairwoman.

3 CHAIRWOMAN MARTIN: Okay. Great. I
4 think that's all the panels we had planned for
5 today. Is that right?

6 MS. AMIDON: That's correct. And I
7 just wanted to note for the record that Ms.
8 Noonan will be here on Thursday. Actually,
9 tomorrow is a skip day. So, that was just to
10 correct that reference to "tomorrow". She will
11 be here Thursday, when we address the metering
12 and the arrearage management issues.

13 CHAIRWOMAN MARTIN: Okay. Anything
14 else we need to cover today before we adjourn?

15 *[No verbal response.]*

16 CHAIRWOMAN MARTIN: All right. Seeing
17 none. Then, we will continue this hearing on
18 Thursday, October 29th, at 10 a.m. And we are
19 adjourned for the day. Thank you, everyone.

20 ***(Whereupon the hearing was adjourned at***
21 ***2:34 p.m., and the hearing to reconvene***
22 ***on Thursday, October 29, 2020,***
23 ***commencing at 10:00 a.m.)***

24