

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

3  
4   **July 22, 2020** - 10:03 a.m.

5                   *[Remote Hearing conducted via Webex]*

6  
7           RE: **DE 20-085**  
8                   **EVERSOURCE ENERGY:**  
9                   **2020 Transmission Cost Adjustment**  
10                   **Mechanism.**

11   **PRESENT:**     Chairwoman Dianne Martin, Presiding  
12                   Cmsr. Kathryn M. Bailey  
13                   Cmsr. Michael S. Giaimo

                  Doreen Borden, Clerk  
                  Eric Wind, PUC Remote Hearing Host

14   **APPEARANCES:**   **Reptg. Eversource Energy:**  
15                   Matthew J. Fossum, Esq.

**Reptg. PUC Staff:**  
16                   Lynn Fabrizio, Esq.  
17                   Rich Chagnon, Asst. Dir./Electric Div.  
18                   Stephen Eckberg, Electric Division

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

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**I N D E X**

**PAGE NO.**

**WITNESS PANEL:**           **ERICA L. MENARD**  
                                  **JAMES E. MATHEWS**  
                                  **JENNIFER A. ULLRAM**  
                                  **DAVID J. BURNHAM**

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**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Petition for Approval of Change in Transmission Cost Adjustment Mechanism Rate, including the Joint Testimony of Erica L. Menard & James E. Mathews, with attachments; the Testimony of Jennifer A. Ullram, with attachments; and Testimony of David J. Burnham, with attachments (07-10-20)	<i>premarked</i>
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**P R O C E E D I N G**

CHAIRWOMAN MARTIN: All right. We're here this morning in Docket DE 20-085, which is the Eversource request for adjustment to its Transmission Cost Adjustment Mechanism rate for effect August 1st, 2020.

I need to make the findings required for a remote hearing.

As Chairwoman of the Public Utilities Commission, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic, and in accordance with the Governor's Emergency Order Number 12 pursuant to Executive Order 2020-04, this public body is authorized to meet electronically.

Please note that there is no physical location to observe and listen contemporaneously to this hearing, which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, I am confirming that we are utilizing Webex for this electronic hearing.

All members of the Commission have the ability to communicate contemporaneously during

1           this hearing through this platform, and the  
2           public has access to contemporaneously listen  
3           and, if necessary, participate.

4                       We previously gave notice to the public  
5           of the necessary information for accessing the  
6           hearing in the Order of Notice. If anybody has a  
7           problem during the hearing, please call  
8           (603)271-2431. In the event the public is unable  
9           to access the hearing, the hearing will be  
10          adjourned and rescheduled.

11                      Okay. Let's start by taking attendance  
12          of the Commission. When each Commissioner states  
13          their presence, if anyone else is with you,  
14          please identify them.

15                      My name is Dianne Martin. I'm the  
16          Chairwoman of the Public Utilities Commission.  
17          And I am alone.

18                      Commissioner Bailey.

19                      CMSR. BAILEY: Commissioner Kathryn  
20          Bailey. And I'm alone. Good morning, everyone.

21                      CHAIRWOMAN MARTIN: Sorry.  
22          Commissioner Giaimo.

23                      CMSR. GIAIMO: Good morning. Good  
24          morning. Michael Giaimo. I, too, am alone.

1 CHAIRWOMAN MARTIN: Okay. Let's take  
2 appearances, starting with Mr. Fossum.

3 MR. FOSSUM: Good morning,  
4 Commissioners. Matthew Fossum, here this morning  
5 for Public Service Company of New Hampshire,  
6 doing business as Eversource Energy.

7 CHAIRWOMAN MARTIN: Okay. Thank you.  
8 And Ms. Fabrizio.

9 MS. FABRIZIO: Good morning,  
10 Commissioners. Lynn Fabrizio, on behalf of  
11 Commission Staff. And with me in attendance are  
12 Steve Eckberg, Utility Analyst with the Electric  
13 Division, and Rich Chagnon, Assistant Director of  
14 the Electric Division.

15 CHAIRWOMAN MARTIN: Okay. Thank you.  
16 For preliminary matters, I have Exhibit  
17 1, a single exhibit, prefiled and premarked.  
18 Anything else related to exhibits?

19 MR. FOSSUM: No.

20 CHAIRWOMAN MARTIN: Okay. Any other  
21 preliminary matters we need to go over?

22 *[No verbal response.]*

23 CHAIRWOMAN MARTIN: Okay. Seeing none.  
24 Let's proceed with the witnesses. Mr. Patnaude,

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 would you swear everyone in please.

2 (Whereupon **Erica L. Menard,**  
3 **James E. Mathews, Jennifer A. Ullram,**  
4 and **David J. Burnham** were duly sworn by  
5 the Court Reporter.)

6 CHAIRWOMAN MARTIN: Okay. Mr. Fossum.

7 MR. FOSSUM: All right. Thank you,  
8 Commissioners.

9 As you've noted, we have one exhibit  
10 and four witnesses presented. And, so, we'll --  
11 I will have them introduced one at a time and,  
12 hopefully, this will go smoothly.

13 **ERICA L. MENARD, SWORN**

14 **JAMES E. MATHEWS, SWORN**

15 **JENNIFER A. ULLRAM, SWORN**

16 **DAVID J. BURNHAM, SWORN**

17 **DIRECT EXAMINATION**

18 BY MR. FOSSUM:

19 Q I'll start with Ms. Menard. Could you please  
20 state your name, position, and responsibilities  
21 for the record?

22 A (Menard) My name is Erica Menard. I'm the  
23 Manager of Revenue Requirements for New  
24 Hampshire. I am employed by Eversource Energy

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 Service Company, located in Manchester, New  
2 Hampshire. My responsibilities include the  
3 calculation of revenue requirements associated  
4 with Energy Service rate, the Transmission Cost  
5 Adjustment Mechanism, the Stranded Cost  
6 Adjustment Mechanism, and System Benefits Charge  
7 rates.

8 Q Thank you. Mr. Mathews, the same for you please?

9 A (Mathews) Sure. Jim Mathews. I'm Manager of  
10 Transmission Rates and Revenue Requirements. I'm  
11 responsible for transmission rate filings before  
12 the three state commissions, as well FERC.

13 Q And now, Ms. Ullram?

14 CHAIRWOMAN MARTIN: Ms. Ullram, you're  
15 on mute.

16 WITNESS ULLRAM: Pardon me.

17 **BY THE WITNESS:**

18 A (Ullram) Good morning. My name is Jennifer  
19 Ullram. I am the Manager of Rates for Eversource  
20 Energy Service Company for Connecticut and New  
21 Hampshire. And my response -- I am responsible  
22 for the Company's rate calculations, rate design,  
23 and administration of the Delivery Service  
24 tariff.



[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 Q Ms. Ullram, while I still have you there. Have  
2 you previously testified before this Commission.?

3 A (Ullram) No, I have not.

4 Q In that case, could you just give a very brief  
5 high-level description of your background and  
6 qualifications please?

7 A (Ullram) Certainly. As I mentioned, I'm  
8 responsible for the development and support of  
9 the Company's New Hampshire rate and tariff  
10 filings, including recently the New Hampshire  
11 rate case that we made last year. I have also  
12 testified numerous times in Connecticut on rates  
13 and tariff-related items, related to both gas and  
14 electric.

15 As far as my education and background,  
16 I graduated from Bryant University, with a  
17 Bachelor's degree in Finance. And I also have a  
18 Master of Science in Accounting and Taxation from  
19 the University of Hartford.

20 I have worked for the Company for the  
21 past nineteen years. Up until 2015, I worked in  
22 the Transmission Rates and Revenue Requirements  
23 Department, where I was the Team Lead. I became  
24 the Manager of Connecticut rates in 2015. And,

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           in 2018, I began taking over responsibility for  
2           New Hampshire, and was formally promoted to  
3           Manager of Connecticut and New Hampshire in early  
4           last year.

5   Q       Thank you. And, now, finally, Mr. Burnham, could  
6           you please state your name, your position, and  
7           responsibilities for the record?

8   A       (Burnham) Sure. My name is Dave Burnham. I am  
9           the Manager of ISO policy and Economic Analysis.  
10          My responsibilities include overseeing certain  
11          aspects of Eversource's transmission planning  
12          activities, involvement with ISO New England and  
13          NEPOOL processes. And I represent Eversource in  
14          several NEPOOL and ISO New England committees.

15   Q       And, Mr. Burnham, have you previously testified  
16          before this Commission?

17   A       (Burnham) No, I have not.

18   Q       In that case, could you also please give a brief  
19          description of your background and qualifications  
20          for the record?

21   A       (Burnham) Of course. I hold a Bachelor of  
22          Engineering from Dartmouth College, in Hanover,  
23          New Hampshire, and Master of Science in  
24          Electrical Engineering from the University of

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 Texas at Austin.

2 I started my career as an engineer at  
3 the Federal Energy Regulatory Commission, in  
4 Washington. And I worked on reliability  
5 standards, development, and market issues.

6 After joining Eversource, I have worked  
7 on transmission business development projects,  
8 and then moved into representing Eversource  
9 through various ISO New England and NEPOOL  
10 committee processes.

11 Q Thank you. Turning back to Ms. Menard and Mr.  
12 Mathews, and I'll have Ms. Menard go first in  
13 giving answers here, just so that we don't speak  
14 over each other.

15 Did each of you file joint testimony as  
16 part of the materials that were submitted on July  
17 10th, 2020, and included as "Exhibit 1" for  
18 today's hearing?

19 A (Menard) Yes.

20 A (Mathews) Yes.

21 Q And was that testimony prepared by you or at your  
22 direction?

23 A (Menard) Yes.

24 A (Mathews) Yes, it was.

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 Q And do you have any changes or updates to that  
2 testimony this morning?

3 A (Menard) No.

4 A (Mathews) No.

5 Q And do each of you adopt that testimony as your  
6 testimony for this proceeding?

7 A (Menard) Yes, I do.

8 A (Mathews) Yes.

9 Q Thank you both. Turning to Ms. Ullram, did you  
10 also file testimony as part of the materials  
11 submitted on July 10, 2020, and included as  
12 "Exhibit 1"?

13 A (Ullram) Yes, I did.

14 Q And was that testimony prepared by you or at your  
15 direction?

16 A (Ullram) Yes.

17 Q And do you have any changes or updates to that  
18 testimony?

19 A (Ullram) Yes, I do. On July 14th, we had made a  
20 revised filing to reflect some changes to the  
21 SCRC rate, so that affected some of the bill  
22 impact calculations and rate comparisons filed in  
23 my exhibits. So, there was a change to Bates  
24 stamp Page 050, which reflected a change in the

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 total bill impact for a 600 kilowatt-hour  
2 customer, as well as the impacts provided on  
3 Bates Pages 060 to 063.

4 There is no change to the actual TCAM  
5 rates filed, however.

6 CHAIRWOMAN MARTIN: Can I interject  
7 please, Mr. Fossum?

8 MR. FOSSUM: Certainly.

9 CHAIRWOMAN MARTIN: Ms. Ullram, for  
10 clarity, what we received as premarked as  
11 "Exhibit 1", does that contain the updated  
12 information just referenced?

13 WITNESS ULLRAM: Yes, it does.

14 MR. FOSSUM: It does. And that  
15 information is highlighted on the pages that Ms.  
16 Ullram just identified.

17 CHAIRWOMAN MARTIN: Okay. I just  
18 wanted to confirm that for the record.

19 Commissioner Giaimo.

20 CMSR. GIAIMO: The highlights appear,  
21 at least on my version, as gray. So, those are  
22 not confidential. Those are just the changes,  
23 correct?

24 MR. FOSSUM: You are correct. That is

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 just to indicate what has changed. It is not an  
2 indication of confidentiality.

3 CMSR. GIAIMO: Thank you.

4 CHAIRWOMAN MARTIN: Okay. Thank you.

5 BY MR. FOSSUM:

6 Q And, Ms. Ullram, subject to the changes that you  
7 just identified, do you adopt the testimony  
8 that's included as "Exhibit 1" as your testimony  
9 for this proceeding?

10 A (Ullram) Yes.

11 Q Thank you. And, finally, Mr. Burnham, did you  
12 also file testimony as part of the materials  
13 submitted on July 10th, and included as "Exhibit  
14 1"?

15 A (Burnham) Yes, I did.

16 Q And was that testimony prepared by you or at your  
17 direction?

18 A (Burnham) Yes, it was.

19 Q Do you have any changes or updates to that  
20 testimony?

21 A (Burnham) No, I do not.

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

24 A (Burnham) Yes.

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 Q Thank you. Turning back to Ms. Menard, could you  
2 very briefly, and understanding that the  
3 documents generally speak for themselves, give a  
4 high-level description of the Company's proposal  
5 in this filing?

6 A (Menard) Yes. The Company is seeking approval of  
7 a proposed Transaction Cost Adjustment Mechanism  
8 rate for the coming 12-month period, and also  
9 included in the filing is a reconciliation of the  
10 prior year, consist with past practices of this  
11 filing.

12 Q All right. Thank you. With that general  
13 understanding, I would like to go through a  
14 couple of specific items in the filing that I  
15 think merit a little more discussion. And I'll  
16 try to go in the order that they show up, so that  
17 we can have an orderly presentation.

18 Could you, I don't know that you need  
19 to look at it, but appearing first on Bates Page  
20 007, and then in a few follow-on places there is  
21 reference to certain transmission costs, and I'm  
22 speaking specifically of the HQ Phase I and II  
23 costs and revenues. And I just want to clarify.  
24 Is that a reference to the Hydro-Quebec support

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 agreements that expire this year?

2 A (Menard) Yes, it is.

3 Q Could you explain a little more what is happening  
4 with those support agreements?

5 A (Menard) Yes. Those support agreements are  
6 expected to expire in October of this year. And  
7 there are currently negotiations going on to  
8 extend that agreement. As we filed in this  
9 filing, the assumption is that those agreements  
10 will go forward. And we have included forecasted  
11 costs assuming those agreements are in place.

12 If, for some reason, those agreements  
13 are not extended, we will address any variances  
14 in next year's reconciliation filing.

15 Q Thank you for that clarification. Mr. Mathews,  
16 looking at Bates Page 010, of Exhibit 1, there is  
17 a table in the middle of that page. You see that  
18 table?

19 A (Mathews) I do.

20 Q And, in the middle of the table, there is a line,  
21 on the far left, saying "LNS Monthly Expense",  
22 and next to it says "Load Ratio Share". Do you  
23 see that line?

24 A (Mathews) Yes, I do.



[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 Q Could you please explain what is being shown on  
2 that line?

3 A (Mathews) Yes. Sure. The value reflected on  
4 that particular line, this is a table on Bates  
5 Page 010, is the April of 2020 12-month  
6 coincident peak load ratio share for PSNH. This  
7 load percentage was used for estimating the  
8 percentage of LNS costs that would be charged to  
9 PSNH in the upcoming TCAM period.

10 I'll note that April 2020 load ratio  
11 shares was also utilized in CL&P's TAC  
12 proceeding, where their retail transmission rate  
13 was set. That was done in the May timeframe.  
14 So, we've been consistent with that.

15 And, by way of background is the  
16 importance of this figure, and what I think we  
17 need to understand is that LNS expenses allocated  
18 to Schedule 21 customers, who take LNS service  
19 based on their respective load ratio shares, the  
20 table presented on Bates Page 010 shows a slight  
21 increase over the percentage used in the last  
22 filing, so this time last year.

23 But it's worth noting that the load  
24 ratio share does vary year-to-year,

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 month-to-month, slightly. For example, if we  
2 were to look at the last several years, and we  
3 were to look at the December 12 CP, or the  
4 12-month coincident peak load, since, say, 2015  
5 through 2019, we'd see a high of about 20.9  
6 percent in 2015, and a low of 20.6 percent in  
7 2018. So, it's fluctuated within a relatively  
8 stable range. And, you know, the 20.9 percent  
9 that's reflected here in the filing is used for  
10 allocation or estimated allocation of the LNS  
11 costs in this proceeding.

12 But, most importantly, the actual  
13 billings are trued up based on actual load ratio  
14 shares for each month. So, while the number or  
15 percentage reflected in the table might be  
16 slightly higher than last year's, ultimately,  
17 that doesn't necessarily mean that the actual  
18 load share -- ratio share will be higher. It's  
19 used for estimating purposes at this point in  
20 time.

21 Q Thank you for the explanation. Mr. Mathews and  
22 Ms. Menard, could I have you now both turn to  
23 Bates Pages 018 and onto Bates Page 019. And  
24 beginning at the very bottom of Bates Page 018,

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 and over onto 019, there's a reference to "an  
2 unusually large under-recovery of LNS costs of  
3 approximately 15.5 million". Do you see that?

4 A (Mathews) Yes.

5 A (Menard) Yes.

6 Q Could you please provide some additional detailed  
7 explanation about what led to that unusually  
8 large under-recovery and what it means for this  
9 filing?

10 A (Mathews) Sure. So, the 2019, as has been noted  
11 here, the 2019 reconciliation reflects the impact  
12 of abnormally low regional network loads for the  
13 year 2019, primarily due to weather. The lower  
14 RNS loads led to a significant under-recovery of  
15 regional transmission revenue requirements. And,  
16 due to the way the tariffs work, Schedule 21-ES,  
17 revenues collected from regional network  
18 customers are treated as revenue credits against  
19 the total revenue requirements in the  
20 determination of LNS net costs. So, lower RNS  
21 loads correspond with lower revenues collected,  
22 and ultimately resulted in higher LNS costs than  
23 were billed, and a significant true-up, fairly  
24 atypical from what we've seen in prior periods.

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1                   That's the primary -- so, the primary  
2                   driver was -- of that true-up is the lower loads  
3                   that we experienced in 2019.

4                   CHAIRWOMAN MARTIN: Mr. Fossum, you're  
5                   on mute.

6                   MR. FOSSUM: Caught it. And my  
7                   apologies.

8 BY MR. FOSSUM:

9 Q Thank you, Mr. Mathews, for the explanation on  
10 the "why".

11                   Now, Ms. Menard, could you please  
12 provide some information on what that means for  
13 this filing?

14 A (Menard) Yes. So, traditionally, we would have  
15 included that over-/under-recovery that we see as  
16 a result of the true-up, we would have included  
17 that in May or June, that is typically when we  
18 receive that annual true-up amount.

19                   This year, because of the large -- the  
20 large amount, it was decided that -- sorry, I'll  
21 take that back. So, there have been lots of  
22 discussions amongst various utilities about how  
23 to recover those costs. And, with the COVID  
24 pandemic occurring right now, there was some

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 concerns about loading that cost all onto  
2 customers in one lump-sum.

3 And the wholesale transmission billing  
4 for Eversource had made an offering to all of the  
5 utilities, the retail utilities, to recover those  
6 or pay back that under-recovery over a 12 --  
7 sorry, a 12 or a 24-month period. Traditionally,  
8 we would just pay that in one lump-sum.

9 However, as proposed in this filing, we  
10 are presenting an option, to reduce the impact to  
11 customers, to recover that or pay that back over  
12 a 24-month period.

13 We have had some discussions with Staff  
14 in a technical session where that option is  
15 likely not the preferable option. And, so, we  
16 also have the traditional way of recovering the  
17 under-recovery calculated as well.

18 But, in this filing that we have  
19 presented, it is a 24-month recovery option. And  
20 it is -- it appears as 1/24th. On Bates Page  
21 027, Line 48, is where the prior year true-up  
22 begins. So, that 15 million, 1/24th of that,  
23 ends up being about \$667,000 a month.

24 If the 24-month option is not chosen,

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 we would amend the rate calculation to include  
2 the entire \$15 million true-up amount in June of  
3 2020.

4 Q Okay. I want to linger here for just a moment,  
5 so that we understand what we have in front of  
6 us.

7 So, as presented, what we have in  
8 the -- I'll ask, is it correct to say that, as  
9 presented, PSNH has elected this 24-month option,  
10 and that means that 1/24th of that 15.5 million  
11 is payable every month, for the next 24 months,  
12 and that is how it's included in the rate  
13 calculation. Is that accurate?

14 A (Menard) That is accurate.

15 Q The alternative, if the Commission decides to go  
16 in this direction, would be to treat it as we  
17 have traditionally, include the 15.5 million as  
18 one lump-sum amount in the schedules, but then  
19 spread that 15.5 million over 12 months for  
20 purposes of calculating a rate. Is that  
21 accurate?

22 A (Menard) That is accurate.

23 Q So, just one more question on that. Looking at  
24 Bates Page 019, and specifically at Lines 11

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 through 13, do you see that?

2 A (Menard) Yes, I do.

3 Q Is that a description of how the rate -- the  
4 average rate would vary, if the traditional  
5 method is used, rather than this 24-month option?

6 A (Menard) Yes, it is. The 24-month option  
7 produces a rate of 2.679 cents per kilowatt-hour.  
8 The traditional method would produce a rate of  
9 2.758 cents per kilowatt-hour.

10 Q Ms. Ullram, understanding that what's on Bates  
11 Page 019 is only an average, do you have some  
12 sense of what the impact would be on the actual  
13 rates for customers using the traditional  
14 recovery method, as opposed to this 24-month  
15 method?

16 A (Ullram) Yes. So, what we did was, based on the  
17 average rate, we had developed an alternative  
18 that was not filed, but we calculated for a  
19 residential customer using 600 kilowatt-hours a  
20 month, that the bill would be approximately 55  
21 cents higher than what we filed if it was  
22 recovered over the 24 months.

23 Obviously, depending upon the  
24 customers' rate classes, the bill impacts will be

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 different. For example, large customers, which  
2 is Rate LG, that change would increase their bill  
3 approximately \$900 a month, with Rates G and GV  
4 being a lot less than that.

5 Q Thank you. Sort of anticipating a potential  
6 question down the line, would the Company be able  
7 to provide updated schedules to show the  
8 traditional -- the calculation under the  
9 traditional method for the Commission to review,  
10 if the Commission decides that those are  
11 necessary?

12 A (Ullram) Certainly. We could definitely provide  
13 something.

14 Q Turning back to Mr. Mathews. Is the Company  
15 anticipating that the issues that led to this  
16 under-recovery, would they -- are they  
17 anticipated to continue into the future?

18 A (Mathews) It's extremely difficult to predict  
19 what load levels will do from year to year. As  
20 noted earlier, the under-recovery from 2019 was  
21 primarily the result of abnormally lower loads  
22 due to weather. Those weren't anticipated, so  
23 not predicted. So, I can't, *per se*, predict what  
24 loads might actually be.



[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1                   What I can share is that, in the  
2                   development of the RNS rate for this year, those  
3                   lower loads are essentially the denominator in  
4                   the calculation of the RNS rate. So, the  
5                   abnormally low loads that we experienced in 2019  
6                   are built into or helping to drive a higher RNS  
7                   rate. And higher RNS rate in isolation  
8                   correlates to higher RNS revenues, assuming  
9                   normalized loads in subsequent periods. So,  
10                  there is a mechanism to adjust for those lower  
11                  loads in subsequent RNS rates that are billed.  
12    Q            Thank you. And I think one last question for Ms.  
13                  Menard at this point. Could you please turn to  
14                  Bates Page 036?  
15    A            (Menard) Yes.  
16    Q            And, on Line 3, there is -- that's noted as the  
17                  "LNS" line?  
18    A            (Menard) Yes.  
19    Q            And, in particular, the Column (B), for "Cost  
20                  Lead Days", could you explain what's going on in  
21                  that column?  
22    A            (Menard) Yes. This schedule calculates the cash  
23                  working capital requirement that is the result of  
24                  a lead/lag study that is consistent with a study

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 we have provided the past two years, I believe.  
2 In last year's discussions on the lead/lag  
3 calculations, Staff had worked with us to make a  
4 change to the way the LNS true-up is calculated.  
5 And, referring to Bates Page 042, on Line 32, the  
6 Company has broken out the current month, May  
7 2018 -- or, sorry, it says "May 2019" bill, but  
8 it includes a prior year true-up. Last year, we  
9 had included that all together as one lump  
10 number.

11 Staff had suggested that, to be more  
12 accurate, the true-up should be broken out to  
13 account for the fact that that service period is  
14 really a one-year service period. So, we've  
15 adjusted the calculation for LNS lead/lag days,  
16 which results in a negative 4.2 cost lag day.  
17 And then, that flows through the calculations.  
18 And then, ultimately, calculates the cash working  
19 capital requirements.

20 Q Thank you. Ms. Ullram, could you look at Bates  
21 Page 049 please?

22 A (Ullram) Okay.

23 Q And, on Bates Page 049, I'm looking at Line 16,  
24 there is a reference to using the "2014 actual

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           billing determinants". Could you explain why the  
2           2014 billing determinants were used for this  
3           filing?

4    A    (Ullram) Sure. So, typically, what we would do  
5           is we would use the billing determinants that  
6           were approved as part of a rate case. As we  
7           know, that the last approved rate case for New  
8           Hampshire was back in 2009, which used 2008  
9           billing determinants at that time. So, what we  
10          did was, in 2015, in the July 2015 TCAM filing,  
11          is we updated the billing determinants to reflect  
12          2014 information. We updated those based on the  
13          billing determinants that were used at the time  
14          in distribution rate design as part of the 2015  
15          Generation Divestiture Settlement Agreement.

16                    So, we had updated those in the TCAM to  
17                    be consistent with what was being used for  
18                    distribution, since those are really the last  
19                    approved billing determinants. We anticipate  
20                    that what we would do would be, in the next TCAM  
21                    filing, we would update the billing determinants  
22                    at that point to reflect test year billing  
23                    determinants as approved in the rate case that's  
24                    currently pending with the Commission.

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 Q Thank you for that. And, staying with Ms.  
2 Ullram, could you please explain what the rates  
3 and rate impacts are that the Company is  
4 requesting the Commission to approve this  
5 morning?

6 A (Ullram) Sure. So, the rates that the Company is  
7 requesting the Commission to approve are on Bates  
8 Page 052, and that was Attachment JAU-1 from my  
9 testimony. So, those rates are shown for all of  
10 the different rate classes, and the calculations  
11 that support those rates are included in the  
12 exhibits that follow up through Page 63.

13 The important, really, besides that,  
14 the important page to note is Bates Page 061,  
15 which provides a comparison of the current and  
16 proposed rates. And these -- at different  
17 residential levels for 550, 600, and 650  
18 kilowatt-hour monthly bills. And the rates that  
19 we've included here are to provide a meaningful  
20 comparison of rates that would be in effect, if  
21 approved as of August 1st of this year. So, that  
22 would, obviously, include the Energy Service rate  
23 that was recently approved, as well as the  
24 temporary distribution rates that were approved

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 in our temporary rate case filing. In addition,  
2 the rates here reflect the TCAM and SCRC rates as  
3 filed today.

4 Q Thank you. And, just for clarity, should the  
5 Commission elect to use the traditional recovery  
6 method for the under-recovery that we've already  
7 spoken about, these rates, as proposed, would be  
8 adjusted. And is that correct?

9 A (Ullram) That is correct. And we could file  
10 those, my same exhibits, with the adjusted rates.

11 Q All right. Thank you. Oh, and just actually one  
12 last question. You say "we could file them". If  
13 the Commission wants that, could we file that  
14 quickly?

15 A (Ullram) Yes. We would be able to file that this  
16 afternoon.

17 Q Very good. Finally, Mr. Burnham, just very  
18 briefly, could you just please explain what it is  
19 that is included in your testimony and the  
20 attachment to it?

21 A (Burnham) Sure. Beginning a few years ago, the  
22 Commission had requested that the Company provide  
23 additional information on the transmission  
24 projects that are included in the transmission

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 charges that flow through the TCAM rate. My  
2 attachment is consistent with what we've provided  
3 in recent years. And it shows certain projects  
4 that were placed in service by the legacy  
5 Northeast Utilities companies, that is  
6 Connecticut Light & Power, Public Service Company  
7 of New Hampshire, and the former Western  
8 Massachusetts Electric Company.

9 Essentially, it's an explanation of  
10 some of the items that are included in the FERC  
11 jurisdictional tariffs, and then recovered  
12 through the TCAM rate.

13 Q Thank you. And my final question to Ms. Menard,  
14 Ms. Ullram, and Mr. Mathews, and I'll have you  
15 answer in that order, is is it the Company's  
16 position that the rates, as proposed and included  
17 in Exhibit 1, are just and reasonable?

18 A (Menard) Yes, it is.

19 A (Ullram) Yes.

20 A (Mathews) Yes.

21 MR. FOSSUM: Thank you. And that's  
22 what I have for this morning.

23 CHAIRWOMAN MARTIN: Okay. Thank you.  
24 Ms. Fabrizio.

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 MS. FABRIZIO: Thank you, Chairwoman  
2 Martin.

3 My first line of questions are for Ms.  
4 Ullram. And some of this is sort of going  
5 through what you've just presented to all of us  
6 this morning, to clarify and ensure that we're  
7 all on the same page.

8 **CROSS-EXAMINATION**

9 BY MS. FABRIZIO:

10 Q So, Ms. Ullram, in your testimony, on Bates Page  
11 049, from Line 16 through Bates Page 050, Line  
12 15, you state, as you stated this morning, that  
13 the transmission rate calculations in this  
14 petition are based on 2014 actual billing  
15 determinants. Is that correct?

16 A (Ullram) It is.

17 Q And, specifically, that would refer to the 2014  
18 megawatt per hour sales that you note on Bates  
19 Page 050, Line 17 to 18, as well as other places  
20 in the rate calculations where certain  
21 determinant values are used?

22 A (Ullram) Yes.

23 Q Okay. And other examples of that are Bates Page  
24 058, Line 13, and Bates Page 059, Column (A). Is

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           that correct?

2   A       (Ullram) That is correct.

3   Q       Thank you. And you've given an explanation as to  
4           why the 2014 determinants were used. And I just  
5           wanted to put it sort of in context in the bigger  
6           picture. PSNH's last full rate case in New  
7           Hampshire was concluded with a Commission order  
8           in 2010, is that right?

9   A       (Ullram) That is correct.

10   Q      And the current rate case before the Commission,  
11           in Docket 19-057, was filed in April 2019, using  
12           a 2018 test year, with billing determinants from  
13           that test year. Is that correct?

14   A       (Ullram) That is correct.

15   Q      So, given that, could you please explain, maybe  
16           elaborate on your earlier rationale, for  
17           reverting back to 2014 billing determinants in  
18           the current TCAM filing that was filed just  
19           earlier this month, and not the 2018 determinants  
20           that were used in the rate case that was filed  
21           earlier?

22   A       (Ullram) Sure. So, as I mentioned, typically, we  
23           would use billing determinants that have been  
24           approved by the Commission. So, as I mentioned,



[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 the last, and as you mentioned, the last rate  
2 case, obviously, wasn't -- it was back in 2009,  
3 which used the 2008 billing determinants. And  
4 it's my understanding, again, I wasn't in this  
5 position at that time, but it's my understanding  
6 that, in July of 2015, the Company looked at the  
7 TCAM and recognized the fact that it had been  
8 since 2008 that those billing determinants -- or,  
9 the 2008 billing determinants were used.

10 So, they decided, since, to be  
11 consistent with what was going on in the  
12 Generation Divestiture Settlement Agreement, the  
13 billing determinants for distribution at that  
14 time were updated. And, so, for consistency  
15 purposes, it was determined that it would be  
16 appropriate to also update the TCAM billing  
17 determinants in July of 2015. So, that's what I  
18 already said.

19 As, you know, as I mentioned, that the  
20 Company does believe that those billing  
21 determinants shouldn't change until the  
22 Commission approves new distribution rate changes  
23 for consistency purposes.

24 But, you know, I did look at it to see

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           how much they have changed. They haven't changed  
2           significantly. Megawatt-hours, I think,  
3           increased around one percent. But that one  
4           percent, obviously, would then be multiplied by  
5           the average rate, which would -- results in a  
6           larger revenue target for the TCAM. So, it would  
7           result in the TCAM increasing slightly. So, I  
8           did look at it to see what it would do.

9                        But, again, we believe that the billing  
10           determinants should be based on approved billing  
11           determinants.

12   Q       Thank you. That's helpful. My next line of  
13           questions are for Ms. Menard and Mr. Mathews.

14                        So, I am looking at Bates Page 019 of  
15           your joint testimony, Lines 3 through 13. And,  
16           generally, you state here that the Company chose  
17           to "take advantage of a deferred payment option  
18           offered to local transmission customers for the  
19           2019 LNS true-up." Have I read that correctly?

20   A       (Menard) Yes.

21   A       (Mathews) Yes.

22   Q       Okay. And, on Bates Page 036, which is  
23           Attachment ELM-2, on Page 5 of 14, we looked at  
24           this earlier with you, and you have given us an

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 explanation of the "negative 4.2" that shows up  
2 in Column (B) on this chart.

3 A (Menard) Yes.

4 Q Could you help us follow the trail back to where  
5 we would find the cash working capital  
6 calculation that you mentioned earlier today?

7 A (Menard) Yes. I just want to clarify one item.  
8 So, on Bates Page 019, the 2019 LNS true-up does  
9 not factor into the lead/lag calculation, because  
10 that is based on the year ending -- the year  
11 ending 2019. So, the LNS true-up for 2019 shows  
12 up in 2020. So, that would appear in next year's  
13 lead/lag study.

14 Q Thank you.

15 A (Menard) If I could answer your question on  
16 where -- I think your question was "where does  
17 the cash working capital appear?"

18 Q Yes. I believe it's on Bates Page 042. Is that  
19 likely?

20 A (Menard) Well, Bates Page 042 is the calculation  
21 of the Column (B), which is labeled "Cost Lead  
22 Days". So, that negative 4.2 shows up on Bates  
23 Page 042, at the very bottom, on Line 44. So,  
24 that is the average lead days, which is -- which

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           these are the cost lead or the expense lead,  
2           which measures the time lag between when we  
3           receive the invoices and when the payment is  
4           made.

5                        The 4.2 flows through -- the 4.2 and  
6           the 16,385,833, shown in Column (F) on Bates Page  
7           042, flow through to Page 36. So, that is the  
8           total, the \$16.3 million is the total expense for  
9           LNS, that is multiplied by the net lag percentage  
10          in Column (D), to get the cash working capital  
11          requirement of 2.15 million.

12                      What is -- what appears in the TCAM  
13          rate calculation is the carrying costs on the  
14          cash working capital requirements. So, you take  
15          these cash working capital requirements in Column  
16          (F)., and you would then go to Bates Pages 032  
17          through 035, and you would apply the percentages,  
18          the capital allowance percentages, to each of the  
19          components' costs. Sum those all up, and get --  
20          and multiply it by a rate of return, and then you  
21          get the monthly return on working capital.

22                      That then flows through as a line item  
23          in the calculation of the rate in -- hold on just  
24          for a second.

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 (Short pause).

2 **CONTINUED BY THE WITNESS:**

3 A (Menard) I apologize. I am trying to -- I can't  
4 put my fingers on where -- oh, sorry. It's right  
5 in front of my face. These numbers are so small.

6 On Bates Page 024, and -- Bates Page  
7 024, Line 43, is that return on working capital  
8 allowance, and also Line 15; and, on Bates Page  
9 025, it would be Line 17; and Bates Page 026,  
10 Line 17; and Bates Page 027, Line 17.

11 So, working backwards, the cash working  
12 capital requirement is calculated, a return on  
13 that is then calculated, and it flows through --  
14 that return is flowed through in the rate  
15 calculation. I apologize for the delay.

16 BY MS. FABRIZIO:

17 Q No. Thank you. That was helpful to walk through  
18 that.

19 And, back on Bates Page 042, in Line  
20 32, you refer to a "Prior Year True-Up"?

21 A (Menard) Yes.

22 Q Explain how that connects with the conversation  
23 we've been having?

24 A (Menard) Yes. So, again, this cash working

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1 capital, the lead/lag study was conducted for the  
2 year ended 2019. And every year, as I said, in  
3 the May/June timeframe, the retail customers will  
4 receive a true-up for the prior year's period.  
5 That we've been discussing a \$15.5 million  
6 under-recovery for 2020, for June of 2020. If  
7 you look back into last year, there was an  
8 over-recovery of \$2.14 million for the 2018  
9 period. So, that's what that reflects is, on the  
10 May bill, there are two components; one is  
11 current month's charges, and then the second  
12 piece is the prior year's true-up. And that  
13 service period is for the calendar year 2018.  
14 The midpoint of that service period is July 1st,  
15 2018. That payment is made on June 22nd of 2019,  
16 which results in the 356 day lag.

17 And then, that payment amount, the \$2.1  
18 million, calculate that dollar weighted days of  
19 762,000. That then flows into the averaging  
20 calculations down below.

21 Q Great. Thank you. That helps. It's very  
22 helpful.

23 I would like to go back to the  
24 statement we started out with regarding the

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           deferred payment plan. And, again, that was on  
2           Bates Page 019.

3                        Could you just elaborate a bit on what  
4           the deferred payment option was that was offered  
5           to customers, as you've stated here?

6    A       (Menard) Yes. In PSNH's case, the \$15 million  
7           true-up related to the LNS under-recovery, there  
8           were -- this true-up existed for all utilities  
9           across New England. And, in some cases, some  
10          utilities found the true-up to be unusually large  
11          and difficult to pay in a short period of time.  
12          And, after some discussions with some of the  
13          other utilities, the Eversource wholesale billing  
14          that does the transmission billing to the retail  
15          customers, had decided to be fair and equal  
16          across all of the retail customers, it would  
17          see -- they would provide an option to pay that  
18          under-recovery over a 24-month period. Companies  
19          could decide to take that option or not. That  
20          option does come with an interest payment as  
21          well, there is an interest on that.

22                        So, you know, every company is in a  
23          different situation. Some companies recover that  
24          cost over a shorter period of time, which means

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           it is a significant impact to their customers.  
2           Here, in New Hampshire, we are able to recover  
3           that true-up over a 12-month period. But, to be  
4           fair and equal with how it has been chosen in  
5           some of the other utilities, we decided to  
6           present a 24-month payment option.

7                         During our technical session, as I  
8           stated, we discussed that option with Staff,  
9           seems like maybe that option isn't the preferred  
10          approach. And, so, if that option is not  
11          preferred, we would revert back to the  
12          traditional way of recovering it over, and just  
13          pay that in one lump-sum, and recover it over the  
14          12-month period our rates are in effect.

15    Q    Thank you. And you stated earlier, based on your  
16          Bates Page 019, that, on average, a typical  
17          customer bill, you quoted one at 600  
18          megawatt-hour [sic] usage, would you agree that  
19          it would run to about 50 cents, on average, to  
20          residential customers on their monthly bill?

21    A    (Menard) Yes. A residential customer, taking  
22          about 650 kilowatt-hours, would be about 50 to 55  
23          cents. You know, if you think about -- that  
24          doesn't seem like a lot for a residential



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1 customer, you know, we also need to think about  
2 commercial and industrial customers. So, you  
3 know, it is there as an option.

4 But, again, if the Commission decides  
5 that is not an option that they want to increase  
6 it, we would want to revert back to the 12-month  
7 option.

8 Q Okay. Thanks. And would an interest rate apply  
9 to the extended recovery period proposed in the  
10 Petition?

11 A (Menard) Yes.

12 Q And do you have any idea of how much of an  
13 interest rate that would be?

14 A (Menard) Yes. I believe, and Mr. Mathews can  
15 correct me, I believe it's about 3.7 percent. It  
16 equates to about \$470,000 over the 24-month  
17 period.

18 A (Mathews) I can give a little clarification on  
19 that. It's approximately 3.4 percent. The  
20 interest is -- so, you're in the ballpark. The  
21 interest is based on -- the treatment of interest  
22 follows the tariff provisions, Schedule 21-ES.  
23 And the interest rate that's specifically used is  
24 based on FERC's Code of Federal Regulations,

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           which governs the short-term interest rate to be  
2           applied to these payments.

3                       And one other clarification I would  
4           make is, in terms of the offer being rolled out  
5           to the utilities, the Schedule 21 provisions  
6           require that any, you know, in the case of this  
7           deferred payment plan, any treatment that's given  
8           to -- that's proposed to be given to one set of  
9           customers must be rolled out and offered to all  
10          Schedule 21 customers equally. So, that's what  
11          the Company then did.

12                       But thank you very much.

13   Q       Thank you. That is helpful. I think I'm now  
14           moving on to Mr. Burnham's testimony. Good  
15           morning, Mr. Burnham.

16   A       (Burnham) Good morning.

17   Q       If we could turn to your testimony, at Bates Page  
18           067?

19   A       (Burnham) Okay.

20   Q       So, you've explained that LNS customers, which  
21           includes, I believe, all Eversource customers,  
22           pay an average rate that covers the cost of local  
23           transmission projects in multiple company  
24           territories, is that correct?

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 A (Burnham) That is correct. I would clarify that  
2 "all Eversource customers" in that instance would  
3 be just the legacy Northeast Utilities companies.  
4 NSTAR(East) has a separate LNS rate, separate LNS  
5 tariff.

6 Q Great. And, on Page 68, you have a table showing  
7 the specific projects placed in service in 2019.  
8 I think we discussed this earlier today, is that  
9 right?

10 A (Burnham) That's right.

11 Q Has the Company considered any alternate method  
12 of establishing the LNS charges for these  
13 separate Eversource companies, rather than  
14 pooling the expenses and allocating a portion of  
15 the total to each company?

16 A (Burnham) I think Mr. Mathews would probably like  
17 to answer that question.

18 Q Okay.

19 A (Mathews) I would love to, Mr. Burnham. Thank  
20 you.

21 My understanding is that the current  
22 tariff provisions that are in place, which  
23 include a pooling, essentially, of the three  
24 Eversource companies that are part of Schedule

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           21-ES, their particular revenue requirement are  
2           pooled. So, that's CL&P, PSNH, and NSTAR(West).  
3           And then, allocation of those costs via a load  
4           ratio share approach came to be -- or, the impact  
5           on PSNH, if it were specific, came to be when  
6           PSNH was acquired by the then Northeast Utilities  
7           System.

8                        In terms of reallocation or -- or,  
9           design, a new rate design that would potentially  
10          shift the way those costs are allocated? I would  
11          venture into an area that I think it's fair to  
12          share, which is with respect to the Transmission  
13          Rate Settlement that's occurring, and was filed  
14          on June 15th by Eversource and the other New  
15          England transmission owners, and said there was  
16          an uncontested settlement to settle a challenge  
17          by FERC regarding transparency of transmission  
18          rates. And, specifically, one of the components  
19          of that Settlement that was filed on June 15th is  
20          that local transmission investments in a state,  
21          assuming approval of this new Settlement, will be  
22          charged to the customers within the state that  
23          those local investments are made.

24                        So, New Hampshire residents and

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 businesses would pay for New Hampshire non-PTF  
2 investments. The costs, the local transmission  
3 costs, of CL&P, PSNH, and NSTAR(West) would no  
4 longer be pooled and allocated out based on a  
5 load ratio share, but would be retained within  
6 the state that they pertain to.

7 MS. FABRIZIO: Excellent. Thank you.  
8 That is illuminating. Great.

9 Staff has no further questions. Thank  
10 you very much to all of you.

11 CHAIRWOMAN MARTIN: Okay. Commissioner  
12 Bailey.

13 CMSR. BAILEY: Thank you. Give me one  
14 second please. Adobe just closed down on me.  
15 So, I lost my exhibits.

16 CHAIRWOMAN MARTIN: Ms. Fabrizio, can  
17 you mute yourself please?

18 BY CMSR. BAILEY:

19 Q Mr. Burnham, could you tell me what transmission  
20 investments caused the RNS rates to increase by  
21 15 percent, more than 15 percent?

22 A (Burnham) Sure. Transmission investments are  
23 certainly a component of it. And we've captured,  
24 in my exhibit Attachment DJB-1, the transmission

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 investments that were made by CL&P, PSNH, and  
2 NSTAR(West) during the calendar year 2019.

3 There would also be investments made by  
4 other New England transmission owners across the  
5 pool. I think, as we've discussed before, those  
6 get pooled, and then allocated out to the  
7 different customers in New England based on load  
8 ratio share. So, really, it's an aggregate  
9 impact from all of the New England transmission  
10 owners.

11 The other aspect of the increase, I  
12 think, as we also discussed before, is really the  
13 lower loads in 2019 also drive an increase in the  
14 RNS rate kind of to compensate for that.

15 Q Can you -- can you explain your table on Bates  
16 Page 068, and tell me, just take an example, the  
17 "Transmission Structure Refurbish & Replacement",  
18 on Line 10? The total was 106 million, and the  
19 PTF was 98 million. So, what is the -- what is  
20 the consequence of presenting *[inaudible]* the  
21 total and PTF? Is that what the RNS rate is  
22 based on, and the difference is the LNS?

23 A (Burnham) I'm sorry, I didn't quite catch one of  
24 the words. You asked about "what is the

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 consequence", and then I messed a couple of words  
2 there.

3 Q Why did you break the table in between total and  
4 pool transmission facilities?

5 A (Burnham) Okay. What we're trying to do with  
6 that breakdown is to show, in Column (E), which  
7 is the PTF investments associated with those  
8 projects or programs. That shows the investment  
9 that will ultimately be recovered from all  
10 regional customers, of which PSNH would pay the  
11 load ratio share of that.

12 Column D, on the other hand, is the  
13 total investment. The difference between the two  
14 would be the non-PTF investment that gets  
15 recovered through Schedule 21, again, allocated  
16 out between the three companies based on load  
17 ratio shares.

18 Q And Schedule 21 is LNS?

19 A (Burnham) Correct.

20 Q Okay. So, --

21 CHAIRWOMAN MARTIN: Commissioner  
22 Bailey, did you see Commissioner Giaimo had his  
23 hand up? You can recognize him whenever you  
24 think appropriate.

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 CMSR. BAILEY: Okay. Go ahead,  
2 Commissioner Giaimo.

3 BY CMSR. GIAIMO:

4 Q I just want to make sure I understand this. The  
5 difference between Column (E) and (D) is the  
6 local part of the project that gets -- that has  
7 that cost paid for locally, is that right?

8 A (Burnham) Correct. The difference between Column  
9 (E) and (D) is, like you said, what would the --  
10 the cost that would be recovered through LNS.

11 Q Yes. And is that effectively state-specific  
12 requirements that are determined to not be  
13 necessary regionally or, basically, they're  
14 elected parts of projects?

15 A (Burnham) In some cases, that can be an aspect of  
16 it. But I think the main driver of the non-PTF  
17 investments are the differences you would see  
18 between Columns (D) and (E). And my Attachment  
19 is more the nature of the facilities that are  
20 actually being upgraded. And, looking at Row 10  
21 again, the "Transmission Structure Refurbishments  
22 & Replacements", if a transmission structure  
23 replacement project occurred on a non-PTF line,  
24 it would flow -- it would create a difference



[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           between the two columns, and that's flowed  
2           through LNS.

3                         So, the difference, I guess, kind of in  
4           summary, is really driven by the electrical  
5           characteristics of facilities, and typically not,  
6           in this case, by local or other localized  
7           requirements.

8   Q       So, the scenario that you just pointed out, that  
9           sounds like a radial line, is that correct?

10   A       (Burnham) Correct.

11                         CMSR. GIAIMO: Okay. Thank you,  
12           Commissioner Bailey. I appreciate it.

13   BY CMSR. BAILEY:

14   Q       So, Mr. Burnham, we've had a lot of requests for  
15           crossing licenses this year on transmission  
16           lines, where you're upgrading poles. Are you  
17           familiar with that?

18   A       (Burnham) Not in great detail. I'm familiar with  
19           some of the pole replacement work that has gone  
20           on in New Hampshire, but not so much with the  
21           kind of licensing and permitting aspects of those  
22           projects.

23   Q       And the licensing and permitting aspect isn't  
24           really relevant here. I just wanted to know

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           if -- if that's the transmission refurbishment  
2           that the Company has spent \$160 million on in one  
3           year?

4    A       (Burnham) I would say, typically, the  
5           transmission structure refurbishments are driven  
6           by kind of decay or damage, such as woodpecker  
7           damage to wood poles. You know, that's where we  
8           go in and do a project to address those asset  
9           condition issues on a particular line. We may  
10          make other improvements at the same time, either  
11          address clearance issues, we may, in some cases,  
12          be required to bring things up to more recent  
13          codes, safety codes, because -- simply because  
14          we're in there doing work.

15   Q       Did the Company have some overall plan this year  
16          to replace a certain percentage of the poles in  
17          their transmission system in New Hampshire?

18   A       (Burnham) I don't think it's specified in terms  
19          of a percentage. We have an ongoing program to  
20          assess the condition of our facilities through  
21          various means. Foot patrols, we've been using,  
22          more recently, drone aerial photography to get a  
23          closer look at things. And then, as we identify  
24          issues through those programs, we would develop

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 projects to go out and address the issues. In  
2 some cases, those projects and the -- those  
3 assessments occur on an ongoing basis, and the  
4 projects can occur over probably many years,  
5 depending on the nature of the issue and the  
6 nature of the line.

7 Q Do you know how \$159.15 million in transmission  
8 refurbishments compares to how much was spent  
9 over the last couple of years?

10 A (Burnham) I believe -- I did review the similar  
11 tables from the past couple of years. I would  
12 say it's relatively consistent. Obviously, there  
13 are year-to-year fluctuations and are driven by  
14 kind of the timing the in-service dates from the  
15 projects. And there are also kind of variations  
16 between companies.

17 But, I think, kind of on the whole, at  
18 a high level, the program has been fairly  
19 consistent for the past couple of years.

20 Q One more question, and then we'll move to  
21 Commissioner Giaimo.

22 So, PSNH spends about \$160 million  
23 every year after [inaudible] --

24 [Court reporter interruption due to

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1                   *inaudible audio.]*

2 BY CMSR. BAILEY:

3 Q     The question was, so, PSNH spends about \$160  
4       million a year on transmission refurbishment?

5                   WITNESS BURNHAM: You okay, Steve?

6                   MR. PATNAUDE: Yes. Go ahead.

7 **BY THE WITNESS:**

8 A     (Burnham) I think we've -- the program has been  
9       relatively consistent. I would have to -- I  
10      would have to take it back and check the numbers,  
11      to assessing whether it has been exactly the same  
12      number or close to the same. But it's been kind  
13      of a consistent program for the past couple of  
14      years.

15                   CMSR. BAILEY: Okay. Thank you.

16                   Commissioner Giaimo, did you have a follow-up on  
17      that?

18                   CMSR. GIAIMO: I guess I have a couple  
19      of follow-ups now.

20 BY CMSR. GIAIMO:

21 Q     To what extent is the Seacoast Reliability  
22      Project included in this chart on line -- any of  
23      the lines on this?

24 A     (Burnham) The Seacoast -- a small portion of the

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           Seacoast Reliability Project appears on Line 13  
2           in the attachment. That reflects the  
3           construction of the new line terminal at  
4           Portsmouth Substation.

5                        The remainder of the Seacoast  
6           Reliability Project was energized this past May.  
7           So, that will become 2020 plant in-service. And  
8           I would expect it to appear, if we provide a  
9           similar table in next year's filing, I would  
10          expect it to appear in that.

11   Q       Okay. So, I guess my follow-up is, next year, in  
12           this same filing, we would expect to see a  
13           significantly higher number in what I guess was  
14           effectively Line 14, right, the total New  
15           Hampshire in-service PTF in total?

16   A       (Burnham) Correct.

17   Q       So, this number does fluctuate significantly,  
18           based on what goes into service each year?

19   A       (Burnham) Correct.

20   Q       Okay. That's helpful. All right. So, I guess  
21           my other question is, do you know the total  
22           transmission in-service, Eversource at least to  
23           the best of my knowledge, probably, for the  
24           record, and I'm just ballparking here, but

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 Eversource represents maybe 40 to 45 percent of  
2 the transmission in New England. So, when you  
3 factor in Grid and -- National Grid and the other  
4 transmission owners, like VELCO, what would your  
5 total number be for 2019 investment?

6 A (Burnham) I would have to take it back and check.  
7 I do agree with your assessment that we are  
8 probably something around 40, 45 percent of the  
9 total transmission asset base in New England.

10 As far as what portion of the 2019  
11 plant in-service is ours. I would have to check  
12 that. And, like you said before, it does  
13 fluctuate year to year, if another, say, a  
14 National Grid has a large project go in service,  
15 or maybe they don't have a large project go in  
16 service. The numbers can fluctuate a bit.

17 MR. FOSSUM: Commissioners, I just want  
18 to ask, Mr. Burnham has just indicated a couple  
19 of things that he could check. Is there a desire  
20 that we follow up on that and provide those as a  
21 record request for this hearing? Or, do we  
22 handle it a different way?

23 CMSR. GIAIMO: I guess, to the extend  
24 that that is knowable information and can be

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 produced relatively quickly, I would like to see  
2 the total cumulative transmission in-service and  
3 flowing through rates for 2019.

4 CMSR. BAILEY: And, likewise, I would  
5 like to see the total PSNH investments in  
6 transmission over the past five years, if that's  
7 easy to get. Just to kind of see if it's order  
8 of magnitude the same.

9 MR. FOSSUM: And, Mr. Burnham, is that  
10 something that we can provide relatively quickly  
11 or --

12 WITNESS BURNHAM: Yes. I think -- I  
13 think that is available through the FERC  
14 filing -- I believe, some of the FERC filings or  
15 NEPOOL meeting presentations that we've made. We  
16 file them annually.

17 MR. FOSSUM: So, we will -- I'll mark  
18 that as a record request. And we'll follow up on  
19 that as quickly as we're able.

20 CMSR. GIAIMO: Thank you.

21 CMSR. BAILEY: Thank you.

22 BY CMSR. BAILEY:

23 Q The thing is, we have no jurisdiction over that  
24 investment, is that correct?

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 A (Burnham) The rate jurisdiction certainly rests  
2 at the federal level, yes. I mean, obviously,  
3 there are local and state permitting/siting  
4 requirements that, you know, that certain  
5 projects will have to go through.

6 Q But does this Commission have any authority over  
7 transmission upgrades that Eversource decides to  
8 make [inaudible] --

9 *[Court reporter interruption.]*

10 CMSR. BAILEY: Can we take a two-minute  
11 break, and I'll try to plug directly into my  
12 modem? Maybe it has something to do with the  
13 rain, I don't know, and my Wi-Fi [?].

14 CHAIRWOMAN MARTIN: We'll go off the  
15 record, and come back at 11:25.

16 *(Recess taken at 11:22 a.m. and the*  
17 *hearing resumed at 11:33 a.m.)*

18 CHAIRWOMAN MARTIN: All right. Back on  
19 the record.

20 CMSR. BAILEY: Thank you.

21 BY CMSR. BAILEY:

22 Q I have one more question about the RNS rate. And  
23 it says, on Bates Page 019, that "The RNS rate  
24 also increased due to lower New England loads



[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 along with forecasted investments in transmission  
2 infrastructure", on Line 017. I think, Ms.  
3 Menard, is that in your testimony? Or, Mr.  
4 Mathews?

5 A (Mathews) Yes, it is.

6 A (*Witness Menard nodding in the affirmative*).

7 Q So, explain to me the forecasted investments in  
8 transmission infrastructure that is included in  
9 the RNS rate?

10 A (Mathews) From, specifically, a rates  
11 perspective, without getting into the nature of  
12 the investments, because I wouldn't have a lot of  
13 detail to share there. So, looking at how the  
14 forecast of the RNS rate works under the  
15 FERC-approved tariff, is each of the New England  
16 transmission companies that are included in the  
17 development of the overall RNS rate compute a  
18 forecasted revenue requirement based on their  
19 projected -- primarily based on their projected  
20 capital additions or in-service additions for the  
21 coming year or years, times the fixed charge  
22 rate. Fixed charge rate is an attempt to capture  
23 what the incremental revenue requirements will be  
24 as you put additional plant in-service. The

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 biggest component of that fixed charge rate being  
2 a return on the company's investments.

3 So, what would happen is, companies are  
4 taking their historical revenue requirements for  
5 the most recently completed true-up period, and  
6 then layering on the capital additions estimate,  
7 which will drive an incremental cost component,  
8 dividing that by a historical load value to get  
9 the new RNS rate.

10 So, that's what's being referred to  
11 there, in terms of the forecast.

12 Q So, that's part of the \$129 per kilowatt-year  
13 rate, that calculation that you just mentioned?

14 A (Mathews) Exactly. Yes.

15 Q Okay. All right. Thank you. I think this is  
16 from Bates Page 010, but somewhere I read that  
17 the "HQ Interconnection Capacity Credits  
18 decreased by \$1.9 million". Is that in your  
19 testimony, Mr. Mathews or Ms. Menard?

20 A (Mathews) I think I would defer to Ms. Menard on  
21 the HQ question.

22 A (Menard) Yes. I think you may have -- oh, yes.  
23 It's on Bates Page 011.

24 Q Okay. Thank you.

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 A (Menard) Line 2. That decrease is mainly due to  
2 lower Forward Capacity Market credits.

3 Q And do you anticipate that those lower capacity  
4 market credits will continue?

5 A (Menard) I'm not an expert in that area. But I  
6 think that has been factored into the new  
7 agreement calculation.

8 Q Well, my question -- I see you, Commissioner  
9 Giaimo. My question, though, is why, if the  
10 credits are decreasing, why would you renegotiate  
11 the agreement with HQ? Is it worth it?

12 A (Menard) Overall -- we had given a presentation  
13 to Staff, either last week or the week before,  
14 and it did show, there is benefit to customers as  
15 a part of this agreement. So, if this agreement  
16 didn't go forward, you know, because there are  
17 revenues that come from this line, this  
18 agreement. Those revenues are higher than the  
19 costs, and they do create a benefit for  
20 customers.

21 So, if the agreement didn't go forward,  
22 then we would essentially lose that benefit that  
23 we do have to customers, even with the lower --  
24 lower capacity credit.

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 Q So, what was the benefit in 2019, the revenue  
2 benefit?

3 A (Menard) I believe, I want to say it was around  
4 eight or nine million.

5 Q Okay. Thank you. I want to talk a little bit  
6 about the decision to pay the fifteen and a half  
7 million dollars off in 12 months or 24 months.

8 CMSR. BAILEY: Oh, I'm sorry.

9 Commissioner Giaimo, did you have a follow-up  
10 question on the HQ area?

11 CMSR. GIAIMO: Yes. I have a couple  
12 questions.

13 BY CMSR. GIAIMO:

14 Q So, the HQ support agreement ends in November.  
15 And my understanding is the Company is continuing  
16 to negotiate a continuation of the agreement.  
17 And how long is that for? A decade? Would that  
18 be how long the continuation would last for?

19 A (Menard) I'm just looking. Yes. Well, it's 20  
20 years, sorry, not a decade. An additional 20  
21 years.

22 Q So, the first -- the first agreement was for 30  
23 years, and the second agreement would be for  
24 another 20?

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 A (Menard) I believe that's correct, yes.

2 Q Okay. Yes. My understanding is it's associated  
3 with when Phase II went into service in 1990, --

4 A (Menard) 1990, yes.

5 Q -- and lasted 30 years. And then, so, you're  
6 saying it's another 20 years. Okay.

7 A (Menard) Yes.

8 Q And what I thought I also heard you say was that  
9 the revenue that comes in exceeds the costs that  
10 went out. So, on the whole, both ratepayers and  
11 the Company benefit by having this?

12 A (Menard) Correct.

13 Q And the analysis is to determine whether or not  
14 that will continue. My understanding is that the  
15 HQ imports are actually treated differently than  
16 traditional generation resources. Do you know if  
17 I have that right? Is it treated differently?  
18 And are the revenues that are associated with it  
19 generally less than other capacity resources?

20 A (Menard) I don't have that information  
21 specifically. But, if you want more information,  
22 I could certainly follow up with the people that  
23 are involved with the agreement.

24 CMSR. GIAIMO: No. I don't think

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           that's necessary. Thank you for the answers.

2                           Thank you, Commissioner Bailey.

3 BY CMSR. BAILEY:

4 Q       Okay. So, Ms. Menard, you say, if the 15 and a  
5       half million dollar extraordinary under-recovery  
6       gets recovered in a year, it will have a 55 cents  
7       per month impact on residential customers?

8 A       (Menard) Yes. A typical residential customer,  
9       yes.

10 Q       Yes. And a \$900 impact on a large C&I customer?

11 A       (Ullram) Yes. I think, this is -- I think that  
12       that's what I had said earlier this morning. It  
13       was around \$900 on a Rate LG.

14 Q       And what's a typical Rate LG total bill?

15 A       (Ullram) There is really no "typical" bill. What  
16       I did was I just looked at the total Rate LG.  
17       And because, for transmission, the only piece  
18       that affects Rate LG is based on the demand  
19       component of their bill, I just looked at a 3,000  
20       monthly demand kVA customer, and looked at that,  
21       and that was how I got the \$900.

22 Q       And do you know -- you don't know what a 3,000  
23       kVA customer usually pays in a month?

24 A       (Ullram) Oh, yes. So, I looked at a 3,000 kVA

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 customer over different kilowatt-hour on and  
2 off-peak usages. So, the bills that I looked at  
3 were anywhere from, you know, 74,000 up to  
4 \$233,000 a month, and, you know, on average, the  
5 \$900 would reflect maybe a half a percent, up to  
6 a little bit over a one percent increase.

7 Q Okay. Thanks. And, in 2019, Mr. Mathews, I  
8 think you testified about the weather that was so  
9 unusual in '18. Was the weather any  
10 significantly different in 2019, the winter?

11 A (Mathews) I don't have any significant level of  
12 detail on specifics regarding the weather. I  
13 know, when we reached out to our load forecasting  
14 group to understand the impacts of weather on  
15 load, it was indicated that there was only one  
16 month, and I believe it was a summer month, if we  
17 need to, I can go back and check, one month of  
18 the, you know, the months that would typically  
19 tend to drive weather impacts, you know, you're  
20 talking about winter peaks and summer peaks, you  
21 know, because we do have, in the April and  
22 October timeframes, these shoulders where we  
23 don't get significant fluctuations. But, of the  
24 months that would generally be contributors to

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           what we would call "abnormal weather", only one  
2           of those set of months was kind of up to par with  
3           what we typically expect.

4                        So, what that tells me, at a high  
5           level, is, you know, milder winter -- you know,  
6           warmer winter/cooler summer. But I don't have  
7           the empirical data that I can share with you at  
8           this moment that supports that overall background  
9           to what drove the lower loads.

10                       And, if that's something you'd like to  
11           get, we can certainly do that.

12   Q       No. Let's talk about another factor that  
13           impacted load in 2020, and that's the COVID, you  
14           know, reduction in demand over the winter months.  
15           Would you agree that that happened?

16   A       (Mathews) So, you know, COVID kind of came to  
17           prominence in early '20, right? I don't have any  
18           data at this point that gives me a sense of where  
19           loads are going so far in '20. Those wouldn't  
20           have been a factor in the 2019 load issue, in  
21           terms of, you know, the true-up that we  
22           experienced.

23                       And it's possible that Mr. Burnham  
24           can expand a little bit on this, if he wouldn't



[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 mind.

2 Q Yes. I saw his hand raised. Thank you. Mr.  
3 Burnham.

4 A (Burnham) So, I guess, specifically on the 2020  
5 COVID impact question, we did start to see -- or,  
6 I should say the ISO started to report on the  
7 stay-at-home orders impacting load around the end  
8 of March. I think, through April and May, ISO  
9 has been reporting that systemwide loads were off  
10 3 to 5 percent, because of the -- they felt that  
11 they had been able to isolate the impact of the  
12 stay-at-home orders from other weather patterns.

13 Since then, we don't yet know what will  
14 happen, for example, this summer. The last  
15 information I have ends in May. Obviously,  
16 we're -- well, we are all still working from  
17 home. The states have reopened somewhat since  
18 May. And I haven't seen any real data or  
19 evidence of the impact since then.

20 So, it's a couple of months, and we  
21 still have the remainder of 2020 left to go. I  
22 think it's hard to say, overall, where it will  
23 land at the end of the year from now.

24 Q Do you think that it's possible, though, that

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 load will be significantly reduced once again,  
2 and we will be in an under-collection scenario  
3 and digging ourselves deeper next year, if we  
4 postpone the over-collection -- the  
5 under-collection recovery?

6 A (Burnham) I think it's hard to say. COVID has  
7 been a driver, but the biggest driver is still  
8 weather. And those -- the month-to-month weather  
9 patterns, I don't think we have a good way to  
10 predict, you know, what will happen, say, for the  
11 peak day in August at this point.

12 CMSR. BAILEY: Okay. Commissioner  
13 Giaimo, did you want to ask a follow-up?

14 CMSR. GIAIMO: Yes.

15 BY CMSR. GIAIMO:

16 Q I guess I don't understand that last comment.  
17 Why would you be -- why would you be focusing on  
18 the peak day, and not actual demand?

19 A (Burnham) Well, the -- the peak that is  
20 calculated, as part of determining the RNS rate,  
21 is an average of the twelve monthly peaks. So,  
22 each month, the peak from each month plays an  
23 equal role in affecting the overall peak that's  
24 calculated for the year, for the purposes of

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           computing the RNS rate.

2                       So, I mentioned "August", because it  
3           tends to be the highest -- the highest value, the  
4           highest impact in it. But, really, each, you  
5           know, whether we have hot weather in September or  
6           not will make a difference to the September peak,  
7           and they all contribute to the annual -- we call  
8           it the "12 CP" value. And I haven't said it in  
9           this hearing yet, but that's kind of the jargon  
10          for this.

11    Q    Okay. So, last year, again, my understanding is,  
12          weather resulted in, basically, a thousand  
13          megawatts reduction -- being a thousand megawatts  
14          off forecast. And that was what I heard from  
15          people on this earlier today, is that that was  
16          weather-related.

17                       So, is that -- is that within the 3 to  
18          5 -- we're hearing COVID is at least 3 to 5  
19          percent. Are we hearing that the weather last  
20          year is more impactful or is larger than that 3  
21          to 5 percent? It sounds like they should  
22          probably be comparable. And, at a minimum, we  
23          can expect to see something similar to what we  
24          experienced this year?

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 A (Burnham) I don't want to try to do the math on  
2 the percentage impact of the weather last year  
3 on-the-fly, because I will almost certainly mess  
4 it up some somehow.

5 On the COVID impact, it has been 3 to 5  
6 percent, but, so far, that's been just for a  
7 couple of months. So, it's hard to say if that  
8 impact will -- if that impact continues through  
9 the end of the year, we have probably nine or so,  
10 out of the twelve months, that go into the  
11 calculation affected by COVID. If the impact --  
12 if it turns out that the impact of the  
13 stay-at-home orders lessens as the year goes on,  
14 then the overall -- the impact on the overall  
15 load would be lower, I guess. And I'm trying to  
16 avoid making a prediction at this point about  
17 what I think is going to happen in the fall.

18 Q And I understand that predicting, as you said, is  
19 difficult. In a system peak of 24,000, a five  
20 percent reduction is like a thousand megawatts,  
21 which is what we experienced last year. I think,  
22 with COVID the way it is, it's -- I think  
23 Commissioner Bailey's cautionary question is  
24 real, and it's a real concern that, if you were

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 to delay paying, you may just find yourself in an  
2 exacerbated situation next year. And do you  
3 think that's a fair cautionary question?

4 A (Burnham) I guess I'll say, I think -- I think  
5 we've described the mechanisms of all the  
6 different moving pieces correctly. I guess I'm  
7 -- and I'm not sure, maybe kind of out of my area  
8 to answer the overall question of what does that  
9 mean for setting the rate.

10 CMSR. GIAIMO: And thank you. I  
11 understand how it's speculative, and why you  
12 would be sensitive to speculate. So, thank you.

13 **BY THE WITNESS:**

14 A (Menard) I think to answer your you're question  
15 it is possible that we could be in a similar  
16 under recovery situation. The forecast assumes a  
17 normal weather pattern and assumes and doesn't  
18 take covenant combo impact because it assumes a  
19 return to normal so yes, I would agree with your  
20 assumption.

21 CMSR. GIAIMO: Thank you, Ms. Menard.

22 BY CMSR. BAILEY:

23 Q Okay. To maybe wrap this up, can we look at the  
24 bill impact on Bates Page 062.

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 CMSR. BAILEY: And I'm sorry, I have a  
2 puppy, and he just woke up, and it's not going to  
3 be good.

4 WITNESS ULLRAM: Okay.

5 CMSR. BAILEY: Maybe. I don't know.  
6 Is somebody else's dog barking at him? I'm  
7 sorry.

8 BY CMSR. BAILEY:

9 Q So, the revenue -- or, the rate impact on a  
10 residential customer --

11 CMSR. BAILEY: I'm sorry, Madam Chair.  
12 I'm going to have to take a break, and see if I  
13 can --

14 CHAIRWOMAN MARTIN: Okay. We'll take a  
15 quick recess, and come back in five minutes.

16 CMSR. BAILEY: Thank you.

17 *(Recess taken at 11:55 a.m. and the*  
18 *hearing resumed at 12:00 p.m.)*

19 CHAIRWOMAN MARTIN: Back on the record.

20 CMSR. BAILEY: Thank you.

21 BY CMSR. BAILEY:

22 Q So, if we go to Bates Page 061, and that shows  
23 the bill impact for residential customers using  
24 various amounts of kilowatt-hours per month, but

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           let's use the 600 kilowatt-hour per month  
2           example, and tell me if I have this right. The  
3           Stranded Cost Recovery Charge and the  
4           Transmission Charge rates are going up, but the  
5           Energy Service rate is going down. So, the  
6           overall impact at this point, including the  
7           Energy Service rate, for a Default Service  
8           customer, is a decrease in rates?

9   A       (Ullram) That is correct.

10   Q       Despite the fact that the transmission rate is  
11           going up a lot?

12   A       (Ullram) Correct. Because the Energy Service  
13           rate is offsetting any increases between those  
14           two rates.

15   Q       Okay. So, if we added 55 cents to collect the  
16           15 and a half million dollars over 12 months,  
17           instead of 24 months, to insure against a  
18           similar problem next year, or exacerbating the  
19           problem next year, would the bill still be a  
20           decrease?

21   A       (Ullram) Yes, it would be. It's going to be  
22           rounded up to \$2.31, somewhere -- 33 cents  
23           [2.33], somewhere around there.

24   Q       Okay. It's just simple math?

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 A (Ullram) Yes.

2 Q All right. What about for a C&I customer? Most  
3 of those customers just take delivery. They  
4 don't take Default Service, is that right?

5 A (Ullram) Correct.

6 Q So, they really would see a larger bill increase  
7 compared to what they pay today?

8 A (Ullram) Correct. I mean, because, obviously, I  
9 don't know what they pay for the energy service  
10 portion of it, it would be difficult to  
11 determine, on a total bill basis, what their  
12 impacts would be. So, we don't typically provide  
13 that information.

14 But, you know, just looking at and just  
15 isolating all else being equal, just if we went  
16 from a 24-month true-up to a 12-month true-up,  
17 that was the \$900 for Rate LG I noted before.  
18 Again, it is assuming they're taking delivery  
19 from us. But, you know, if they get a better  
20 rate, then their percentage would be slightly  
21 different than that.

22 But, overall, it would still be \$900,  
23 just the percentage impact would be different.

24 Q Did you give us a percentage -- oh, you said it



[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 was one percent, a half to one percent?

2 A (Ullram) Yes. Exactly right.

3 Q Yes. Okay. Thank you. All right. I just want  
4 to talk a little bit about the Active Demand  
5 Reduction Programs that were mentioned. You said  
6 that you have an Active Demand Reduction Program  
7 for residential customers this summer?

8 A (Menard) Yes. A pilot program.

9 Q Yes. And can you give me a little bit of  
10 information about how you think that's going?  
11 Were you able to start it with your Wi-Fi  
12 Thermostat customers?

13 A (Menard) I don't have any data yet on how it is  
14 going. But, certainly, we could follow up, if  
15 that's something of interest?

16 Q Do you have any anecdotal information? Do you  
17 know if anybody -- well, we've heard from another  
18 company that there was a problem with the Wi-Fi  
19 Thermostat pilot program that they were going to  
20 offer, because of cybersecurity concerns with the  
21 thermostats and Google maybe.

22 A (Menard) I apologize. I don't have that  
23 information.

24 Q Okay. So, you don't know whether there's any

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 Active Demand Response Program that's actually  
2 running right now?

3 A (Menard) I don't have that, no.

4 Q Okay. Does anybody know if an event was called  
5 this week to reduce demand, after the three days  
6 of heat?

7 MR. FOSSUM: Commissioners, this --  
8 I'm not sure if I'm allowed to say so, but, yes,  
9 it was.

10 CMSR. BAILEY: Okay. Thank you.

11 MR. FOSSUM: I'm not sure if I'm  
12 allowed to testify. But there was -- there was a  
13 message that went out to customers on that issue,  
14 yes.

15 CMSR. BAILEY: Okay. Thanks. Okay. I  
16 think that's all I have. Thank you very much.

17 CHAIRWOMAN MARTIN: Okay. Commissioner  
18 Giaimo, do you have other questions?

19 CMSR. GIAIMO: I do.

20 BY CMSR. GIAIMO:

21 Q While we're talking about the DR Initiative, I  
22 thought I read it -- I thought I read that the  
23 Company saw a four megawatt reduction last year,  
24 in 2019, as a result of the DR Initiative

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 Program. Am I misremembering or --

2 A (Menard) In 2019, yes. We put some language on  
3 Bates Page 011.

4 Q Thirteen? Or, 11. Okay.

5 A (Menard) Thirteen? Yes. Sorry. Thirteen. 2019  
6 achieved a 3.9 megawatt reduction in the summer  
7 peak demand.

8 Q Okay. So, I guess I wanted to clarify that,  
9 because I thought I just heard you, Ms. Menard,  
10 say you weren't sure if there were any megawatt  
11 savings, or maybe you were saying you weren't  
12 sure if there was any in 2020?

13 A (Menard) I thought Commissioner Bailey was  
14 referring to the 2020 pilot, the residential  
15 pilot.

16 Q Just the residential pilot. Okay. So, --

17 A (Menard) Yes.

18 Q But I did want to make sure the record indicated  
19 that there was a distinction, and that the C&I  
20 program did have -- did have four megawatts of  
21 savings?

22 A (Menard) Yes.

23 Q Okay.

24 A (Menard) Yes. You are right.

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 Q That helps. Thank you for that clarification.  
2 Mr. Mathews, my question to you is actually a  
3 relatively easy one. What's the ROE on  
4 transmission right now?

5 A (Mathews) Currently, the base ROE is 10.57  
6 percent.

7 Q 10.57. Do you know any of the adders off the top  
8 of your head? Are there adders associated with  
9 that, for being a member of an RTO or other  
10 similar incentives that FERC has to stimulate  
11 investment?

12 A (Mathews) Yes. The RTO adder is currently 50  
13 basis points. Then, there are several additional  
14 ones for particular investments. Then, there's  
15 67 basis points for post 2003 investments and the  
16 NEEWS Project.

17 Q I'm sorry. I think you just referenced a  
18 specific project there that maybe people aren't  
19 familiar with. That's the East-West. You want  
20 to --

21 A (Mathews) Yes. Yes. The NEEWS is N-E-E-W-S, New  
22 England East-West Solution.

23 Q Okay.

24 A (Mathews) That receives a FERC-approved 67

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 additional basis points.

2 Q Okay.

3 A (Mathews) The Middletown-Norwalk Transmission  
4 Project would receive an additional incentive. I  
5 don't recall the exact basis points. But, due  
6 to, you know, the current cap on ROEs, you know,  
7 ROE plus incentive, it doesn't qualify. The cap  
8 is below what would be allowed for that  
9 particular project.

10 Q And that's a cables project from Middletown to  
11 Norwalk, is that right?

12 A (Mathews) Yes.

13 Q All right.

14 A (Mathews) I believe so, yes.

15 Q Great. Thank you for providing some context. A  
16 lot of my questions were already asked and  
17 answered. But I just have one question, and it's  
18 a question of the Company.

19 Is it possible, is the Company able,  
20 and I'd like to hear their opinion on, if we were  
21 to extend the under-collection for C&I from 12 to  
22 24 months, but not do the same for residential?  
23 Is that something that could be done and is there  
24 a reason not to do that?

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1                   I think the answer to the question is  
2                   that would -- by doing that, you would -- the  
3                   rate volatility would be mitigated for both C&I,  
4                   as well as residential.

5   A           (Menard) Could you --

6   A           (Mathews) Could you ask the question again?

7   A           (Menard) Well, I think, if I understand the  
8                   question is, could we bifurcate the TCAM rate,  
9                   and have a separate rate for C&I customers than  
10                  for residential customers? Is that --

11   Q           That's the essence of the question. The question  
12                  would be, to allow a 12-month [24-month?]  
13                  repayment period for C&I, but only a 12-month  
14                  repayment for residential, because my  
15                  understanding is that would produce less of a  
16                  cost for the C&I? Is it possible?

17   A           (Ullram) Erica, I'm not sure, and I'm just  
18                  talking in general, just not having talked with  
19                  it internally, I'm not sure if we would be able  
20                  to do that, because all of our rates are based on  
21                  the total average rate. And we don't get down to  
22                  a C&I level until after Ms. Menard comes up with  
23                  the total average rate. And then, based on our  
24                  Settlement in DE 06-028, I believe it was, we

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           have to allocate the average rate to all  
2           customers -- or, the increase to all customers  
3           equally.

4                        So, based on that, I don't think it  
5           would be feasible.

6                        Going back to what I had quoted  
7           earlier, with the \$900, you know, for the 3,000  
8           kVA Rate LG, obviously, that's on the extreme  
9           side of the C&I customers. So, for those other  
10          smaller, you know, Rate G and Rate GV, those  
11          customers, you're not going to see those same  
12          sort of bill impacts. Just to give you a sense  
13          of that.

14    Q       Okay. All right. That's certainly helpful. And  
15          Staff did not provide a witness. But,  
16          Ms. Menard, you said that, in your discussions  
17          with Staff, that "they did not view a 24-month  
18          option as the preferred option."

19                        I guess I'll ask you to speak to what  
20          your understanding was why they felt that way?

21    A       (Menard) I don't want to put words into Staff's  
22          mouth. But, from a residential -- when we had  
23          our technical session, we talked about the impact  
24          to a residential customer. And it didn't seem

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           that significant of an impact. So, it was  
2           questioned as to whether it was worth it or not.  
3           And then, I think the other piece of information  
4           was that one of the other utilities could not  
5           implement this approach.

6                        So, again, I don't want to put words  
7           in, but maybe just for consistency purposes.

8    Q       Yes. And I was just asking for your  
9           understanding of what you perceived it to be,  
10          understanding that it's hearsay.

11   A       (Menard) Okay. Yes.

12                       CMSR. GIAIMO: Okay. Madam Chair,  
13          those are all the questions I have.

14                       CHAIRWOMAN MARTIN: Okay. Thank you.  
15          I don't have any questions that haven't been  
16          answered.

17                       So, Mr. Fossum, do you have any  
18          redirect?

19                       MR. FOSSUM: I have a little bit, yes.  
20          It's a little out of the norm for me, but a  
21          little bit.

22                                       **REDIRECT EXAMINATION**

23   BY MR. FOSSUM:

24   Q       Mr. Burnham, do you recall the questions that you



[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           were asked by the Commissioners about the  
2           cumulative plant in-service for 2019? Do you  
3           remember that, those questions?

4   A       (Burnham) Yes.

5   Q       Have you been, understanding that we have a  
6           record request pending, have you been able to get  
7           any information during the breaks that we've  
8           taken that might provide some information right  
9           now to help the Commissioners with that issue?

10  A       (Burnham) Yes, I can.

11  Q       Could you provide that please.

12  A       (Burnham) So, I can offer up two pieces of  
13           information. I think the first is actually  
14           probably responsive, hopefully, to Commissioner  
15           Bailey's question, about the five year historical  
16           plant in-service for PSNH. I don't have five  
17           years readily available, but I did have four.

18                        So, I can say that 2016, 2017, 2018,  
19           2019, the numbers ranged -- or, kind of the  
20           numbers were around 120 million, 97 million, 160  
21           million, 159 million. So, while there's some --  
22           there's some year-to-year variation within those  
23           numbers certainly, kind of from the perspective  
24           of how the projects were actually done, I would

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 expect to see probably a considerable amount of  
2 year-to-year variation, depending on the sizes of  
3 projects that are going into service in a  
4 particular year.

5 Looking at it over the four years, I  
6 think it's been relatively consistent.

7 *(At 12:15 p.m., all Webex connections*  
8 *dropped and the Webex connections were*  
9 *restored at 12:27 p.m.)*

10 MR. FOSSUM: Okay. So, I'll pick up  
11 just for clarity of the record.

12 BY MR. FOSSUM:

13 Q Mr. Burnham, you were in the midst of answering a  
14 question about historical transmission spending,  
15 provided some averages -- or, some information  
16 over the last few years. And did you have more  
17 to add?

18 A (Burnham) I had a second part to add, that was  
19 going to be, I think, more responsive to the  
20 question that Commissioner Giaimo had asked. And  
21 that was --

22 CHAIRWOMAN MARTIN: Excuse me. I  
23 apologize. Before we move on, can I just, so  
24 we're all straight, ask Commissioner Bailey if

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           that was sufficiently responsive, to eliminate  
2           the need for the record request? Or, whether you  
3           would still like that additional year and  
4           additional information?

5                        CMSR. BAILEY: No. That was  
6           sufficient. Thank you, Madam Chair.

7                        CHAIRWOMAN MARTIN: Okay. Thank you.

8                        WITNESS BURNHAM: Okay. Thank you.

9           **BY THE WITNESS:**

10    A       (Burnham) The other piece was, I did calculate  
11       the Eversource companies' annual transmission  
12       revenue requirements, compared to the total  
13       transmission revenue requirements for the entire  
14       region in 2019. It looks like our companies made  
15       up approximately 53 percent. So, I think our  
16       kind of back-of-the-envelope discussion earlier,  
17       about Eversource having probably 40 something  
18       percent of the total transmission facilities, was  
19       fairly close.

20    BY MR. FOSSUM:

21    Q       And, Mr. Burnham, just for clarity, that  
22       calculation, when you're saying "the Eversource  
23       companies", just to be clear, that is the legacy  
24       Northeast Utilities companies or all Eversource?

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 A (Burnham) That is all Eversource. So, Public  
2 Service Company of New Hampshire, Connecticut  
3 Light & Power Company, and then NSTAR, which, for  
4 the purposes of transmission revenue  
5 requirements, still reports out separately,  
6 NSTAR(East) and NSTAR(West).

7 CHAIRWOMAN MARTIN: Okay. And I'll  
8 interject again and ask the same question of  
9 Commissioner Giaimo. Does that answer your  
10 question?

11 CMSR. GIAIMO: Yes.

12 CHAIRWOMAN MARTIN: Or, do you still  
13 have a record request? It does?

14 CMSR. GIAIMO: Yes. That's fine. I  
15 don't need anything further. Thank you.

16 CHAIRWOMAN MARTIN: All right. Thank  
17 you.

18 MR. FOSSUM: Very good. I have just a  
19 couple of questions for Ms. Menard, in the nature  
20 of follow-up and clarification.

21 BY MR. FOSSUM:

22 Q Ms. Menard, you answered a couple of questions  
23 about this Hydro-Quebec contract, and the  
24 benefits of continuing that contract. Do you

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1 recall those questions?

2 A (Menard) Yes, I do.

3 Q Is the Company planning, do you know, to make a  
4 filing with this Commission sometime later to lay  
5 out the costs and benefits of that, of the  
6 potential continuation of that contract?

7 A (Menard) Yes, it will. The details are being  
8 worked out throughout this summer. And a FERC  
9 filing will be -- a filing will be made with  
10 FERC. And I believe our discussion a couple  
11 weeks ago stated that we would, at the same time,  
12 submit that information to the New Hampshire  
13 Public Utilities Commission as well.

14 Q And, so, this Commission will have a full  
15 opportunity to look at all of those costs and  
16 benefits as the Company has calculated them?

17 A (Menard) Yes.

18 Q One last question. You were asked by  
19 Commissioner Bailey about some question -- or, I  
20 guess both Commissioners Bailey and Giaimo,  
21 questions about the Company's Demand Response  
22 Program. Do you recall those questions?

23 A (Menard) Yes, I do.

24 Q During some of the breaks that we've had, have

[WITNESS PANEL: Menard|Mathews|Ullram|Burnham]

1           you been able to gather any information  
2           responsive to those questions about how that  
3           program is running and about events that might  
4           have been called in the recent past?

5       A     (Menard) Yes, I did. The benefits of technology  
6           and a break have allowed me to do some research.  
7           And, regarding the Residential Demand Response  
8           Pilot, we have had no cybersecurity issues at  
9           Eversource. We understand there may have been a  
10          cybersecurity issue at one of the other utilities  
11          causing a delay to that the program, but we have  
12          not had any of those similar issues.

13                   As of June, we had 79 residential  
14           thermostat customers signed up. There have been  
15           two peak days called, and that was Sunday and  
16           Monday.

17                   And, finally, one last piece of  
18           information is that we have started a marketing  
19           campaign for the Residential Battery Sign-Up  
20           Program in late July. And I believe we had made  
21           a filing with some additional detail in late  
22           February in the energy efficiency docket, the  
23           three-year planning energy efficiency docket.

24                   MR. FOSSUM: Thank you for that

1 additional information. That's all that I had  
2 for the redirect.

3 CHAIRWOMAN MARTIN: Okay. Thank you.  
4 So, that appears to have eliminated all of our  
5 record requests. So, at this point, without  
6 objection, we'll strike ID on Exhibit 1 and admit  
7 that as a full exhibit.

8 Is there anything else we need to do  
9 before the parties sum up?

10 Mr. Fossum.

11 MR. FOSSUM: One item is, we had  
12 offered to provide updated schedules and  
13 exhibits, updates to Ms. Ullram's testimony,  
14 information, in the event that we used the  
15 traditional method, as opposed to the 24-month  
16 method.

17 While we've made that offer, I don't  
18 recall that being a record request. We're fine  
19 to provide that information in the form of a  
20 record request or some other form, if the  
21 Commission wishes to have it.

22 CHAIRWOMAN MARTIN: Okay. I think,  
23 given the limited time available in this case, it  
24 may make sense to have you file that, and it

1 sounds like you could do that today.

2 So, I guess we will add that as a  
3 record request, and identify it as "Exhibit 2".  
4 I think that will cover all bases.

5 **(Exhibit 2 reserved)**

6 MR. FOSSUM: So, we will file that  
7 either this afternoon or first thing tomorrow,  
8 depending on how things line up today. But you  
9 will have it very, very soon.

10 CHAIRWOMAN MARTIN: Okay. And we'll  
11 leave the record open for that.

12 MR. FOSSUM: Very good.

13 CHAIRWOMAN MARTIN: Okay. Anything  
14 else, before we sum up?

15 *[No verbal response.]*

16 CHAIRWOMAN MARTIN: Okay.  
17 Ms. Fabrizio.

18 MS. FABRIZIO: Thank you, Madam Chair.

19 Staff does believe that a 12-month  
20 recovery period for the local network service  
21 charges should be applied, rather than the  
22 24-month recovery period proposed in the  
23 Petition. We believe the difference of roughly  
24 50 cents per month on a typical residential



1 customer bill does not warrant the incurrence of  
2 the interest for the additional 12 months of  
3 recovery that would accrue and apply to  
4 customers' bills.

5 We do not know what next year will  
6 bring, or even the rest of this year, in terms of  
7 the customer demand.

8 Staff, therefore, recommends that the  
9 Commission approve the proposed Transmission Cost  
10 Adjustment to customer rates, as revised and  
11 corrected on July 14th, subject to the proposed  
12 adjustment made to reflect a 12-month recovery  
13 for the local -- for the local network service  
14 charge.

15 Toward that end, if necessary and  
16 possible, Staff would like to make a record  
17 request for that customer impact calculation over  
18 a 12-month recovery period for the under-recovery  
19 as discussed today.

20 CHAIRWOMAN MARTIN: Okay. And I think  
21 that is consistent with what we just did. We'll  
22 hold the record open for Exhibit 2, correct?  
23 We're all talking about the same thing?

24 MS. FABRIZIO: I believe so. I just

1 wanted to make sure that we were tied in with  
2 that one.

3 And Staff has reviewed the updated  
4 lead/lag study included in the filing, and finds  
5 that it is correct and reasonable, and has been  
6 prepared in a manner consistent with past  
7 practice. Staff accepts the results of the study  
8 for the purposes of calculating the  
9 transmission-related cash working capital.

10 We thank the Company team for their  
11 cooperative efforts in fleshing out the details  
12 of their Petition for our better understanding,  
13 and to the Commission for its consideration of  
14 Staff's concerns.

15 Thank you.

16 CHAIRWOMAN MARTIN: Okay. Mr. Fossum.

17 MR. FOSSUM: Thank you. I appreciate  
18 the Staff's comments and their support for our  
19 filing.

20 And I suppose I'll phrase this as  
21 something of a "in the alternative". Initially,  
22 it's the Company's position that what we have  
23 proposed in our filing, the rates that are  
24 included there, as they were supplemented on July

1 14th, to the extent that that weighs on this  
2 proceeding, are just and reasonable and should be  
3 approved as filed.

4 That said, we are understanding of and  
5 sympathetic towards the Staff's position, as well  
6 as the information that we've come across through  
7 questioning, particularly from Commissioners,  
8 this morning and into this afternoon.

9 We will be filing the updated  
10 information that would reflect new rates  
11 calculated in the more traditional method.

12 It would be our position that, when  
13 that is supplemented with the second exhibit as  
14 the record request, that the rates as thus  
15 calculated would be just and reasonable, and  
16 would be correct for approval by the Commission.

17 So, we will work to make sure that the  
18 Commission has all the information that it needs  
19 to make a decision on the rate proposal, whether  
20 it be what's in front of them right now or what  
21 will be in front of the Commissioners later today  
22 or tomorrow.

23 We would only request that the  
24 Commission act on that in a timely manner, so

1           that we can have approval in the time that we  
2           need to implement rates on August 1st, as  
3           proposed.

4                         Other than that, I thank the Staff for  
5           their time and review, given the tight timeframe  
6           around this docket. And we'll supplement the  
7           record expeditiously.

8                         Thank you.

9                         CHAIRWOMAN MARTIN: Okay. Thank you.  
10          Thank you, everyone. We will take this matter  
11          under advisement. We're aware of the time  
12          schedule. And the hearing is adjourned.

13                         ***(Whereupon the hearing was adjourned***  
14                         ***at 12:40 p.m.)***

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