

IR 20-089 Investigation into the Effects of the COVID-19 Emergency on Utilities and Utility Customers

Monthly Report as of January 31, 2021

- 1) Provide information regarding changes in payment behavior or patterns and account receivables levels since the declaration of the State of Emergency on March 13 and the Governor’s Emergency Order #3 issued on March 17. Such information should be provided for each utility rate class.

Please see the tables below.

Month	Customer Class	A/R over 60 Days		Month	Customer Class	A/R over 90 Days	
		2021	2020			2021	2020
January	Residential	\$ 22,993,464	\$ 12,115,061	January	Residential	\$ 20,192,645	\$ 9,733,479
	Commercial	758,240	202,219.00		Commercial	611,242	120,209
	Industrial	619,018	1,433,987.00		Industrial	361,914	1,299,414
	Street Lighting	5,105	4,688.00		Street Lighting	1,864	1,167
	Total	\$ 24,375,827	\$ 13,755,955		Total	\$ 21,167,665	\$ 11,154,269

- 2) Provide the following data for each utility rate class:

- The number, and percentage, of customers who made partial or no payment in March, April, and May of 2019 and 2020.
- The number, and percentage, of customers who made partial or no payment in March, April, and May of 2019 and 2020 and did not have an outstanding balance during the prior six months.

Please see the tables below.

Number and Percentage of NH Customers Who Made a Partial or No Payment 2a																		
	2021						2020						2019					
	Residential		Commercial		Industrial		Residential		Commercial		Industrial		Residential		Commercial		Industrial	
	# of Customers	% of Total																
Jan	91,506	21.0%	8,901	13.0%	256	12.2%	96,595	22.2%	7,963	11.7%	233	11.1%	100,972	23.2%	9,488	13.9%	303	14.4%
Feb							90,859	20.9%	7,224	10.6%	213	10.1%	95,443	21.9%	8,268	12.1%	246	11.7%
Mar							99,556	22.9%	8,572	12.6%	299	14.2%	100,664	23.1%	8,982	13.2%	318	15.1%
Apr							90,598	20.8%	11,152	16.3%	355	16.9%	98,337	22.6%	8,166	12.0%	257	12.2%
May							86,007	19.8%	8,969	13.1%	271	12.9%	98,856	22.7%	7,823	11.5%	283	13.4%
June							88,574	20.3%	8,646	12.7%	250	11.9%	99,821	22.9%	7,846	11.5%	261	12.4%
July							85,856	19.7%	7,638	11.2%	230	10.9%	99,401	22.8%	7,907	11.6%	250	11.9%
Aug							93,454	21.5%	7,733	11.3%	232	11.0%	99,101	22.8%	7,797	11.4%	272	12.9%
Sep							100,465	23.1%	8,222	12.0%	226	10.7%	100,424	23.1%	7,747	11.4%	236	11.2%
Oct							97,733	22.4%	7,184	10.5%	207	9.8%	101,653	23.3%	8,525	12.5%	275	13.1%
Nov							87,546	20.1%	6,446	9.4%	206	9.8%	87,482	20.1%	7,035	10.3%	248	11.8%
Dec							94,128	21.6%	6,857	10.0%	211	10.0%	94,544	21.7%	7,547	11.1%	229	10.9%

Number and Percentage of NH Customers Who Made a Partial or No Payment and Did Not Have an Outstanding Balance During the Prior Six Months 2b																		
	2021						2020						2019					
	Residential		Commercial		Industrial		Residential		Commercial		Industrial		Residential		Commercial		Industrial	
	# of Customers	% of Total																
Jan	12,364	2.8%	2,738	4.0%	79	3.8%	11,805	2.7%	1,943	2.8%	51	2.4%	11,285	2.6%	2,555	3.7%	61	2.9%
Feb							10,223	2.3%	1,576	2.3%	38	1.8%	10,397	2.4%	1,892	2.8%	54	2.6%
Mar							12,295	2.8%	2,116	3.1%	79	3.8%	11,184	2.6%	1,998	2.9%	57	2.7%
Apr							11,488	2.6%	3,807	5.6%	121	5.7%	11,028	2.5%	1,893	2.8%	57	2.7%
May							11,037	2.5%	1,896	2.8%	47	2.2%	12,949	3.0%	1,773	2.6%	66	3.1%
June							12,954	3.0%	1,686	2.5%	44	2.1%	14,691	3.4%	1,740	2.5%	38	1.8%
July							12,618	2.9%	1,269	1.9%	35	1.7%	15,117	3.5%	1,919	2.8%	51	2.4%
Aug							14,435	3.3%	1,049	1.5%	30	1.4%	14,634	3.4%	1,829	2.7%	71	3.4%
Sep							15,870	3.6%	1,486	2.2%	31	1.5%	14,447	3.3%	1,802	2.6%	56	2.7%
Oct							14,665	3.4%	1,103	1.6%	34	1.6%	14,923	3.4%	2,065	3.0%	61	2.9%
Nov							13,545	3.1%	1,236	1.8%	46	2.2%	12,632	2.9%	1,789	2.6%	53	2.5%
Dec							13,102	3.0%	1,298	1.9%	40	1.9%	12,196	2.8%	1,845	2.7%	57	2.7%

3) **Describe any programs or initiatives undertaken to assist customers specifically as a result of the COVID-19 pandemic, the State of Emergency, Emergency Order #3, and the related stay-at-home restrictions.**

January Updates:

- No updates for January 2021

December Updates:

- NH has moved back to normal communications with the disconnect processes and notifications, and promotion of payment plans and payment options. For December, it was business as usual.

November Updates

- Eversource field workers began dropping collateral materials to customers' homes for customers who are eligible for disconnection. The brochure provided information regarding payment options and state and federal assistance programs and encouraged customers to call Eversource, 211, or their local Community Action Program agency.

October Updates:

- On October 23, Eversource sent commercial customers an email and letter alerting them that there was an increase to **CARES funding** by \$100 million in New Hampshire. Application are being accepted by the State of New Hampshire between **October 19 – 30**.
- Disconnection notifications resumed for non-hardship residential customers on **October 14**.
- Disconnection to **commercial customers** began on **October 9**.

History:

- **Suspended:** In March, when the state of emergency was declared by the Governor, Eversource suspended:
 - Shut offs for non-payment
 - Security deposits
 - Late fees
 - Delinquent balance notifications
- **Weekly customer email updates:** At the start of the state of emergency, Eversource distributed a weekly cadence of emails to customers with relevant information and updates on Eversource operations.
 - Weekly customer email updates were put on hold for the month of August due to the need to communicate storm updates.
- **Customer newsletter:** The September Eversource bill insert emphasized:

- How to Save on Your Energy Bill While Spending More Time at Home
 - Payment Plans to Help You Through Tough Times
 - **LIHEAP:** Eversource continues to encourage customers to call 211 or their local Community Action Program to check their qualification for state and/or federal funding.
 - **Eversource Payment Plan:** Eversource continues offering customers with a \$75 past-due balance and/or over 35 days past-due to take advantage of payment plans available to them.
 - **CARES Team:** Eversource continues to make available the CARES team of 20 customer service representatives who provide information to business customers regarding stimulus funding available through the CARES act.
 - **CARES funding communications:**
 - On October 23, Eversource sent commercial customers an email and letter alerting them that there was an increase to CARES funding by \$100 million in New Hampshire. Application are being accepted by the State of New Hampshire between October 19 – 30.
 - **Continued suspension of in-home and on-premise visits:** Eversource has resumed in-home energy audits when requested by a customer. The contracted energy auditor follows all Eversource COVID safety guidelines.
 - **Continued energy efficiency programs and initiatives:** Eversource continues accepting leads for all energy efficiency services, processing instant and mail-in rebates, on-line marketplace offerings, active demand response applications, non-direct install incentive projects, and small business customer webinars.
 - **Continued work-from-home:** To protect customers, Eversource employees continue to work from home with the exception of workers that monitor, maintain, and repair the electrical infrastructure. These employees continue to follow safe distancing guidelines, medical screening, and face covering protocols.
 - **Employee safety communications:** Eversource employee safety and health newsletter continues to be distributed twice weekly to ensure employee and customer protection.
- 4) **Provide a detailed description of customer outreach undertaken to date.**

Press release promoting ways to “Save a Kilowatt with Kate: Financing a Green Lifestyle.”

- **Social media posts** continue promoting Eversource payment plans, financial assistance, and warnings on COVID related scammers.
- **Eversource.com** – Banner on homepage linking customers to information and updates on our pandemic response and customer assistance.

- **Recorded messaging** on our automated phone system for customers calling our Credit Contact Center reminding them of payment plans and 211 assistance.
- **Weekly customer email updates:** At the start of the state of emergency, Eversource distributed a weekly cadence of emails to customers with relevant information and updates on Eversource operations.
 - Weekly customer email updates were put on hold for the month of August due to the need to communicate storm updates.
 - The week of September 7th, weekly emails resumed.
- **CARES funding communications:**
 - On October 23, Eversource sent commercial customers an email and letter alerting them that there was an increase to CARES funding by \$100 million in New Hampshire. Application are being accepted by the State of New Hampshire between October 19 – 30.
- **Customer newsletter:** The August Eversource bill insert emphasized:
 - Available payment plan options
 - Ways to save energy and money
- **Disconnection Notices:**
 - Disconnect notifications resumed for commercial customers in New Hampshire on September 25.
 - Disconnection notifications resumed for non-hardship residential customers on October 14.
 - Eversource continues to communicate with customers who are eligible to receive a disconnect notice to connect them with payment plans, state and federal financial stimulus programs and ways to reduce their energy use and bills.
 - As long as a customer is enrolled in a payment program and makes their payments, they are protected from service disconnection for the duration of the plan.
- **Disconnections:**
 - Disconnection to commercial customers began on October 9.
- **Disconnection / hardship customers:**
 - Residential customers with a qualifying financial hardship will not be eligible for disconnection until after the winter moratorium ends in spring 2021.
 - Eversource continues to communicate with customers regarding the shutoff moratorium and programs to help. In September, the following communications were executed:
 - All customers:
 - Social media posts
 - Bill insert
 - Business customers:
 - Email

- Letter
- Live call outreach
- Residential customers:
 - Email
- Hardship customers:
 - Email
 - Outbound recorded calls

5) Describe the Utility’s review and evaluation of best practices and successful initiatives undertaken in other states.

Given the continued uptick in new COVID-19 cases, many utilities who had previously planned to resume normal billing activities, have continued to delay their plans due to their governor’s extension of the state of emergency.

Throughout the COVID crisis, peer utilities continue to increase their outreach to customers significantly and have initiated millions of incremental communications with customers late on bills to encourage customers to contact them and to get on payment arrangements.

To further support customers in the transition back to normal billing and payment activities, some peer utilities are taking additional actions including:

- Bill relief programs for residential and small business customers in arrears greater than 90 days. These customers have an opportunity to receive a bill credit in exchange for paying off their outstanding balance.
- Eliminating/waiving or returning deposits earlier than scheduled.
- Encouraging income qualified customers to access expanded LIHEAP funding.
- Waiving late payment and collection fees
- Continuing constant customer communication through various channels such as social media postings, emails, press releases, IVR, bill inserts
- Sending “soft collections” letters as final reminder letter to delinquent customers and sent prior to the restart of any disconnect notices
- Extending COVID 19 payment plan arrangements up to 12 months, even 24 months in some areas

6) Describe whether the Utility has updated its sales forecasts in light of the pandemic and its effects on the economy.

Eversource has completed its 2021 planning process and has made no amendments to previously disclosed forecasts for 2021 or other future periods. The updated forecast for 2021 includes new economic projections, increased residential sales to reflect remote working and hybrid schooling and decreased commercial sales due to remote working and people less likely to leave their homes, however Eversource currently anticipates a similar 2021 impact on the forecast when compared to actual 2020 observations, less than 1 percent overall total sales impact, to materialize.

7) Describe any operational changes the Utility is making or planning to make in response to the effects of the pandemic, including changes in budgets or personnel.

Eversource has implemented Business Continuity Plans (“BCPs”), designed as part of its pandemic emergency response protocol, to cover work arrangements affected by the COVID-19 pandemic. At this time, the Company continues to follow its BCPs, which include the ability to work remotely across the Company. At its peak period, the Eversource Energy enterprise had over 6,000 of approximately 8,000 employees teleworking and supporting the Company remotely, including the Call Centers. Eversource currently has 3,500 working remotely and 4,800 employees working in the field practicing social distancing and following safety and health protocols.

Eversource has established a cross-functional team to develop a responsible workplace re-entry plan. The plan is a measured and tiered approach aligned with states’ reopening plans and focuses on limited, critical activities and projects which must be carried out on site. Enhanced restrictions and social distancing guidelines will remain in place in all facilities where re-entry is permitted. Eversource remains in the early phases of its re-entry plan and the majority of employees that are able to work remotely, continue to work remotely. State and federal guidelines, external conditions, and critical business priorities continue to inform the pace of our re-entry plan. Significant health and safety measures and pandemic protocols, including social distancing requirements, sanitization efforts and employee training, are in place for all employees working onsite today and specific plans have been developed for our eventual re-entry to the workplace.

To date, implementation of the BCPs has resulted in minimal disruption to the Company’s workforce and workplan execution. While we have had employees test positive or self-quarantine, there has not been a significant impact on our operations or workforce as a whole. We continue to adhere to our strict policies and guidance and are increasing our messaging to our employees while both on the job and outside of work. A description of these ongoing protocols and work changes and associated impacts is set forth below:

Employee Work Sites

For those employees who continue to report to the work site, the Company has implemented work practice changes to assure employee safety. These changes include the implementation of social distancing measures; segregation of areas of the building to reduce exposure; and expansion of Personal Protective Equipment (“PPE”) for employees including hand sanitizer, face coverings and face shields. For field employees, work-practice changes include deploying a single worker in a vehicle; staggered shift times with work-related materials and equipment left on the trucks; no crew rotations; job-site reporting where applicable; and limited access to facilities (approval only).

To enable the 24x7 Control Centers to continue with daily operations, the Company has implemented changes such as equipping all employees who normally work in the Energy Park building (where the Control Centers are located) to work remotely so that Control Center personnel are isolated. Changes to work schedules involve the daily use of the primary and backup control center locations. In addition, medical screenings are performed

on employees prior to the start of shift; cleanings are performed in the Control Center three times per day; and individual equipment has been provided for each operator. The Company has also developed a sequestering plan that can be implemented within 24 hours.

Storm Restoration

Since the pandemic started in early March, the Company has experienced a high volume of major and minor storm events, including Tropical Storm Isaias, and has been able to successfully execute the storm response while adhering to the adjusted work practices. This is due to the fact that the Company conducts enterprise storm drills and business continuity exercises to practice for these exact situations. In the current circumstances, the Company is incorporating lessons learned from this pandemic into its BCPs. In addition to having the BCPs in place, the Company has been able to leverage technology to allow storm response to continue while employees work remotely. The Outage Management System (OMS) has allowed employees to monitor outages and crews from remote locations. Field employees are equipped with laptops and iPads with MiFi devices allowing for remote connectivity and communication.

Energy Efficiency

Initially, the COVID-19 pandemic affected the Company's work on energy efficiency programs, requiring the temporary suspension of on-premise energy efficiency services, including energy efficiency assessments, incentives for direct-install services, and in-building evaluation activities, as well as any other in-person activity deemed to create an unnecessary risk of exposure. However, the Company was temporarily able to transition to virtual energy efficiency assessments to allow for some of the programs to continue, and has subsequently resumed on premise assessments following appropriate safety guidelines. The utilities continue to assess the impact of the pandemic on the energy efficiency plans and budgets as part of the three-year planning process currently underway.

Service Disconnections and Late Payment Fees

Eversource implemented the suspension of service disconnection and late payment fees to assist customers who are financially impaired and is promoting programs available to customers to assist such as energy efficiency programs and energy savings tools, budget billing and payment assistance programs.

In September 2020, Eversource signed an agreement, which has been filed with and approved by the Commission that specifies revised terms, conditions and timeframes for customer collections and disconnection. The following describes the agreement as it pertains to electric customers.

Commercial customers:

- Soft collections continued until August 31, 2020
 - o Soft collections is defined by the utilities as communications with customers with an arrearage that would qualify them for disconnection where the communication is

- intended to advise those customers of the arrearages and the means of addressing those arrearages, but without suggesting that the customer is eligible for disconnection. - Disconnection notices resumed on September 25, 2020
- Late payment charges shall not be assessed until on or after March 31, 2021
 - No late payment charges shall be charged if a customer establishes a payment arrangement
 - No deposits shall be collected from existing customers through December 31, 2020; deposit requests for new accounts was eligible to begin on September 21, 2020
 - 12-month payment arrangements shall be offered through December 31, 2020, with a one-time opportunity to catch up a missed payment and retain the payment arrangement

Residential customers:

- Soft collections continued until September 30, 2020
 - o Soft collections is defined by the utilities as communications with customers with an arrearage that would qualify them for disconnection where the communication is intended to advise those customers of the arrearages and the means of addressing those arrearages, but without suggesting that the customer is eligible for disconnection
- Disconnection notices resumed on October 13, 2020
- Late payment charges shall not be assessed until on or after March 31, 2021
- No late payment charges shall be charged if a customer establishes a payment arrangement
- No deposits shall be collected from existing customers until April 1, 2021
- 12-month minimum payment arrangements shall be offered through March 31, 2021, with at least one opportunity to catch up a missed payment and retain the payment arrangement, and depending on the circumstances, the utility may reasonably offer more than one opportunity
- No requests to disconnect medical accounts shall be made until April 1, 2021

The current status of our programs with the latest updates since this agreement are discussed in Question #3.

Other Ongoing Impacts and Costs

The Company's planning, work practice changes and use of available technology has allowed the Company to continue to execute its normal work plans including inspections, maintenance and other O&M related work. The Company is continuing to execute the

annual work plan subject to the personal protection protocols put in place because it is critical at this time to maintain reliable service. The Company is not considering eliminating staff or modifying well-established best practices as a cost-saving measure because staff and work processes are necessary to maintain electric reliability, as well as employee and customer safety.

The Company is incurring incremental costs for PPE to keep employees safe while they work to operate the system, medical services such as taking the temperature of employees entering service centers, and to clean work facilities to prevent the spread of the virus. The Company is also incurring incremental costs to facilitate at-home or remote work arrangements in relation to computer hardware and technical support. Other costs are being incurred to maintain social distancing, including in the transportation area as a result of moving to a single person per vehicle. These transportation costs will flow through fleet clearing and will have an impact in O&M and capital. The Company is closely monitoring and tracking costs to determine the impact to budgets.

Personnel

The Company has not made any changes to personnel as a result of the COVID-19 pandemic and does not anticipate any changes to personnel in the future.

8) Describe any changes to capital projects and related planning budgets the Utility has made or is planning to make in response to the effects of the pandemic.

The Company does not expect a decrease in the scope of its capital projects as a result of the COVID-19 pandemic and no projects have been cancelled as of this date. The Company's capital work is designed and undertaken to assure the reliability and resiliency of the electric system, i.e., the work is necessary to utility operations. The value of a reliable and resilient system is apparent under the current circumstance because outages are detrimental to customers and create work streams that require employees to address. At present, a broad range of medical, healthcare and public-safety systems, as well as to all other areas of the economy and New Hampshire residents sheltering or working at home, are relying on the Company's systems.

If the Company's planned capital work was significantly delayed, the impacts would be near and long-term. It would take a substantial time period to bring the system back to a level of operating performance that currently exists – and even at the current level, there are challenges to maintain reliability for customers. As a result, reducing capital work would instigate a counter-productive cycle that simply costs more for customers, while undermining reliability in the interim.

To date, there has been minimal impact to the workforce, as both internal employees and contractors are reporting to job sites. There have been no major interruptions to the materials needed to support the execution of capital work projects. This includes reliability and asset replacement projects. In light of the current circumstances, any planned customer outages needed to complete construction projects will be rescheduled for later in the year. Customer-related work continues to occur while maintaining social distancing and the use of PPE. The

Company's capital plan does not include "discretionary" projects, all projects that are planned are designed to keep the power on for customers.

Outside of operations, Eversource is currently assessing its portfolio of projects, monitoring progress and will make decisions as necessary in areas like information technology and facilities. There are a limited number of IT and facilities projects that are expected to be affected as a result of process delays. Alternate plans are being developed as needed with minimal cost impacts identified to date.

9) Describe any supply chain disruptions the Utility is experiencing or expects may occur and the effects of such supply chain disruptions.

Eversource continues to see a minimal number of notifications of increased lead times of equipment and materials due to COVID-19. Eversource also receives occasional notifications from service providers (contractors, etc) requiring direction from Eversource on our plans for employee and worker safety and personal protective equipment. Although these disruptions have the potential to impact the timing of project deliveries and the responsiveness of service providers, the Company has successfully implemented strategies and processes to address them in a timely manner and does not expect any negative impacts.

10) Describe whether the Utility and/or its parent company has adequate access to capital or has been negatively affected in accessing the capital markets or has been downgraded by any credit rating services.

Eversource continues to maintain adequate liquidity. Additionally, as the capital markets have greatly improved since the initial stages of the COVID-19 pandemic, the Company has not been negatively impacted or had any problems accessing the markets. On August 26, 2020, the Company issued \$150 million of 2.40% First Mortgage Bonds, Series U, due 2050 at a yield of 2.44% percent.

There have been no ratings changes for Eversource from any of the credit rating services.

11) Describe incremental costs associated with the COVID-19 pandemic since the State of Emergency order, how the cost is calculated, cost to date, accounting treatment, impact on earnings, and proposed or planned rate treatment.

In a memo to Commissioners filed on August 18, 2020 in this investigation docket, Commission Staff recommended that the Commission authorize electric, natural gas, water, and wastewater utilities, as well as the New Hampshire Electric Cooperative (collectively, Utilities) to create a regulatory asset for incremental bad debt and waived fees related to the COVID-19 pandemic.

Specifically, Staff recommends the Commission should issue an order addressing regulatory accounting for COVID impacts on the Utilities financing that:

- 1) Authorizes electric, natural gas, water, and wastewater utilities, and NHEC, to create a regulatory asset for waived fees and incremental bad debt related to the pandemic.

- 2) Require each utility to maintain detailed accounting records of waived fees and incremental bad debt for Commission audit and review in a future proceeding when the utility requests recovery.
- 3) Require each utility to identify cost savings associated with the impacts of COVID and to track and report COVID cost savings since March 31, 2020, to be included in monthly COVID reporting.
- 4) Require each utility to identify and track any loans, grants, assistance or benefits received in connection with COVID, regardless of form or source, that would offset any COVID related expenses, to be included in monthly COVID reporting.

The Company has also submitted responses to data requests in this investigation related to information on bad debt costs and late payment charges as described in items (a) and (c) below.

On November 13, 2020, Staff issued a revised memorandum recommending that the Commission authorize the utilities to create a regulatory asset for incremental bad debt but not for waived fees related to the COVID-19 pandemic. As noted in Eversource's response on December 4, 2020, the Company does not agree with the Staff's position and contended that the amounts attributable to waived late payment fees are greater than determined by the Staff and are not immaterial. On December 16, 2020, the Staff reiterated its position from its November 13, 2020 memorandum. The Commission has yet to act on the Staff's recommendation or the responses submitted by Eversource and others. As the Commission has not acted on that recommendation, Eversource has continued to track and report information consistent with prior filings within this update.

In addition to those impacts noted above by the Staff, there are other cost impacts that the Commission will need to consider in addressing the costs resulting from the COVID-19 pandemic. These include increased working capital costs associated with customer accounts receivables that are not collected over an extended time period, particularly through any period where shut-offs are prohibited, and expenses incurred to conduct operations consistent with Center for Disease Control guidelines for safe operations, or other incremental cost associated with the shut-off moratorium and late-payment fees. The most immediate impact is the increase in working capital costs associated with carrying increasing amounts of customer accounts receivables that are not collected over an extended time period.

Customers with arrearages who do not pay or who may pay over an extended time period create a cost for the New Hampshire utilities that will transcend all other considerations. If amounts billed to customers are not collected from customers on a timely basis, then the Company must rely on its short and long-term debt and equity resources to cover the shortfall in cash flow. Under current circumstances, the period between the issuance of customer bills and the utilities' receipt of payment will likely be extended substantially, even where customers are able to pay. As a result, cash working capital costs will increase both as a result of the need to rely on short and long-term capital resources to a greater extent than normal, and in terms of the cost of those resources.

In light of the expectation that customer arrearages and eventual bad-debt write-offs will be of a dimension not experienced in the past, the Commission should take steps to clear the path for work on customer initiatives by: (1) providing for the timely recovery of increasing cash working capital costs; and (2) establishing a regulatory asset for COVID-19 related

costs, including delivery-related increases to bad-debt reserves which will subsequently manifest into bad debt write-offs, amounts associated with new arrearage forgiveness programs, waived fee revenue and expenses associated with the impact of COVID-19 on employees and utility operations, particularly through weather-related emergency events.

Establishing a regulatory asset for COVID-19 costs and allowing timely recovery of cash working capital costs will send a critical signal to the marketplace that the Commission will not allow the financial integrity of the New Hampshire utilities to be jeopardized, while all stakeholders work to extend significant and sustained assistance to customers. This will enable the Commission to defer consideration of the details of cost-recovery issues off to the future and to focus first on the development of needed customer assistance programs.

(a) Bad Debt Costs

For Eversource, bad debt costs (i.e., net charge-offs) are recovered through the Default Energy Service rate and the base distribution rate using allocations determined at the time of the Company's most recent rate case in Docket No. DE 19-057 for rates effective January 1, 2021. With arrearages increasing to historic dimensions, the incremental level of delivery-related bad debt will need to be addressed through a deferral. The Commission should authorize the Company to create a regulatory asset to allow for the future consideration and recovery of delivery related bad debt above normal levels. These costs need to be measured over the entirety of the event and should be limited to the incremental impact associated with the COVID-19 pandemic through a reasonable means.

Bad debt expense is not recovered until accounts are shut off and written off. Therefore, bad debt write-offs will not occur until the Commission allows utility credit and collection processes to resume. In the interim, the immediate problem facing the Company is the increase in cash working capital requirements due to the increased lag in customers paying their bills. To mitigate the potentially significant increase in cash working capital cost compared to the amount currently recovered in base distribution rates and the cash working capital in the Default Energy Service rate, the Commission should work with the Company to identify options to monitor bad debt expense and update cash working capital impacts.

Since the start of the pandemic in March 2020 through January 2021, Eversource has seen deteriorating aging of receivables (91% increase in >60 days as of January 31, 2021 as compared to January 31, 2020) but no write-offs at this point in time. Through July 31, the increase in the same metric for 2020 compared to 2019 was only 47%, in October the increase peaked at 127%, so we continue to see a negative trend with some improvement.

(b) COVID-19 Emergency Response Costs

As noted above, Eversource is incurring incremental costs associated with employee protection processes and equipment, facilities cleaning, maintaining the workforce at remote locations, and other costs to work safely in providing an emergency response to the Governor's state of emergency. The Company has established accounting work orders in order to track all COVID-19 related expenses. Because these costs are outside the normal course of business and may continue for a significant time period, the Commission should authorize creation of a regulatory asset in relation to these expenses for later consideration by the Commission. The Company's expectation is that it would seek recovery of incremental COVID-19 emergency response costs to the extent such costs are shown to be incremental to costs already recovered in base rates, taking into account discrete cost reductions that may

have occurred as a direct result of the pandemic, such as reduced travel and mileage expenses. From March 13, 2020 through January 31, 2021, Eversource has incurred about \$2.2M in response expenses, net of cost reductions.

(c) Waived Fee Revenue

Eversource typically charges fees to customers for various services and the fee revenue is built into distribution rates in a rate case. In light of the circumstances, Eversource is waiving those customer fees. Because it may be a significant time period before fees are charged, this should be an item that is deferred to the regulatory asset for later consideration by the Commission. These fees should include reconnection fees, late fees and other fees. From March 2020 through January 31, 2021, Eversource estimates it has waived approximately \$2.6M of fee revenue which is being attributed to the COVID pandemic.