

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

**Final Report as of June 30, 2021 per Order No. 26,495 issued July 7, 2021**

**1) Identify and report any cost savings associated with the impacts of COVID-19 since March 31, 2020.**

**Response:** Eversource has incurred 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. These incremental costs were approximately \$2,969,000 through June 30, 2021. In addition, there have been discrete cost reductions that have occurred as a direct result of the pandemic, such as reduced travel and mileage expenses. Through June 30, 2021, these savings amounted to approximately \$317,000.

For a period during the pandemic, the Company was not performing service disconnects and therefore also had certain cost savings of approximately \$528,000 related to the moratorium. These costs were for reductions in postage and delivery services, lower credit and collection call center volume, and fewer disconnect activities. However, these savings were more than offset by the lack of reconnection fees billed to customers of approximately \$1,459,000.

**2) Identify and describe any loans, grants, assistance, or benefits received in connection with COVID-19, regardless of form or source, which would offset any COVID-19 related expenses taking care to include PPP loans and all other government benefits.**

**Response:**

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act included tax relief for affected taxpayers and were primarily temporary suspensions of limitations enacted in the Tax Cuts and Jobs Act ("TCJA"). The CARES Act made changes to the Net Operating Loss ("NOL") Carryback period, NOL carryforward limitations, interest limitation deductibility, alternative minimum tax refunds, extended timeline for first quarter 2020 estimated tax payments, and employment related tax credits.

Eversource utilized the extended timeline for first quarter 2020 estimated tax payments.

The Company did not have qualifying NOL carryforwards under the CARES Act to utilize the expanded carryback window and also did not have any NOL carryforwards previously limited by the TCJA.

The Company did utilize one of the employee related tax credits, the Employee Retention Credit (“ERC”). The CARES Act allowed employers to utilize the ERC to receive a payroll tax credit on employee wages equal to 50% of qualified wages for 2020, and 70% of qualified wages for 2021. Qualified wages are \$10,000 for calendar year 2020, and \$10,000 per quarter for 2021. Tax refunds are claimed on the employer quarterly Form 941 tax filings. For 2020, PSNH received tax credits of \$41,419 and \$88,358 for the third and fourth quarters, respectively. For 2021, PSNH received tax credits of \$232,821 and \$150,501 for the first and second quarters, respectively.

The Families First Coronavirus Response Act (“FFCRA”) provided paid sick leave for employees who had to quarantine, care for a quarantined individual, or care for a child whose school or child care provider is closed or unavailable for reasons related to COVID-19. The FFCRA is taken as a credit against employment taxes on Form 941 and applies to business with fewer than 500 employees. PSNH was not eligible for this credit.

**3) Provide a summary of incremental bad debt and waived late payment fees due to COVID-19, calculated as the actual charge-offs from April 1, 2020 to June 30, 2021 above the three year average of such net charges-offs for 2017, 2018, and 2019.**

**Response:**

A. Bad Debt Expense

The table below provides the calculation of the incremental bad debt above the three-year average.

	<b>Net Write-off (\$000)</b>
Year 2017	\$ 3,282
Year 2018	3,018
Year 2019	3,739
Three-Year Average Net Write-offs (2017-2019)	\$ 3,346
Annualized Net Write-offs (April 2020 – June 2021)*	\$ 2,839
Bad Debt Above Three-Year Average	\$ (507)

\*Actual 15-month net write-off of 3,549 annualized over a 12-month period

It is important to note that consistent with the Governor’s Emergency Order #3 (March 17, 2020) and Emergency Order #58 (June 30, 2020), utility customers were provided an

extended period of protections from disconnection for non-payment. While those protections were in place, Eversource’s disconnection activities were suspended and therefore actual write-offs during that period were lower than would have been otherwise. The Company expects write-offs to pick up again in the future and over time as the Company re-engages in collection activities following the end of the protection period.

**B. Late Payment Fees**

Eversource waived late payment charges for the period March 18, 2020 through April 18, 2021. During that time period, the amount that would have been charged as late payment fees is estimated to be \$2,181,683.

The estimated late fees exclude:

- Customers who are coded hardship
- Customers on budget plans
- Customers on an active payment arrangement
- Customers coded elderly between Nov 15 and March 31

The table below provides a historical comparison of late payment fees collected over the past three years for the same thirteen-month time period.

	<b>Late Payment Fee Revenue (\$000)</b>
3/18/2017 - 4/18/2018	\$ 1,721
3/18/2018 - 4/18/2019*	1,024
3/18/2019 - 4/18/2020	1,620
Average	\$ 1,455
Estimated Foregone Late Payment Fee Revenue (March 18, 2020 – April 18, 2021)	\$ 2,182

\*Note: Late payment charges were suspended by the Commission from March 2018 until February 2019 in Docket No. DE 17-171.