

Public Service Company of New Hampshire  
d/b/a Eversource Energy  
Docket No. DE 19-057  
Testimony of William J. Quinlan  
May 28, 2019

**STATE OF NEW HAMPSHIRE**  
**BEFORE THE**  
**NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

**DOCKET NO. DE 19-057**  
**REQUEST FOR PERMANENT RATES**

**DIRECT TESTIMONY OF**  
**WILLIAM J. QUINLAN**

*Policy and Case Overview*

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

**May 28, 2019**

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**DIRECT TESTIMONY OF WILLIAM J. QUINLAN**  
**PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**  
**d/b/a EVERSOURCE ENERGY**  
**REQUEST FOR PERMANENT RATES**

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1    **I.       INTRODUCTION**

2    **Q.       Please state your name, position and business address.**

3    A.       My name is William J. Quinlan. I am the President and Chief Operating Officer (“COO”)  
4            of Public Service Company of New Hampshire (“PSNH” or the “Company”). I became  
5            the Company’s President and COO in September 2013. My business address is 780 North  
6            Commercial Street, Manchester, New Hampshire.

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

8    A.       As the Company’s President and COO, I am responsible for assuring that PSNH provides  
9            safe and reliable electric service to over half a million customers in 211 cities and towns  
10           throughout New Hampshire, as well as overseeing the Company’s construction, operation  
11           and maintenance of its electric distribution infrastructure in the state.

1    **Q.     Please summarize your professional and educational background.**

2    A.     I have extensive operations, legal, regulatory, technology, and business experience, first  
3           joining Northeast Utilities (“NU”), now Eversource Energy, in 1984 as an assistant  
4           engineer in NU’s nuclear program. Before joining NU, I was employed by the General  
5           Electric Company at its Knolls Atomic Power Laboratory in upstate New York. In 1993,  
6           I joined NU’s Legal Department as an attorney and later became Deputy General Counsel.  
7           From 2003 to 2007, I served as President and COO of NU Enterprises, Inc., the holding  
8           company for NU’s competitive businesses.

9           I subsequently served as Vice President – Field Maintenance for NU’s Connecticut  
10          operating companies, including The Connecticut Light and Power Company (“CL&P”)  
11          and Yankee Gas Services Company, overseeing the operations, maintenance,  
12          transportation, supply chain, and facilities functions for those companies. I later served as  
13          CL&P’s Vice President – Customer Solutions, overseeing key customer technology  
14          functions, including metering, Smart Grid, sales and marketing, and energy efficiency  
15          programs. In addition, I was responsible for the account executives, economic  
16          development and community-relations functions.

17          Immediately prior to my current position, I was the Senior Vice President – Emergency  
18          Preparedness for CL&P and Yankee Gas, where I was responsible for emergency planning  
19          and response, including storms, as well as for establishing industry protocols to partner  
20          effectively with federal, state, and municipal officials during any type of emergency. In

1 that position, I also led CL&P's infrastructure hardening, electric vehicle and distributed  
2 generation programs. I have served in my current role as the Company's President and  
3 COO since September 2013.

4 I graduated from Villanova University in 1982 with a Bachelor of Science in Mechanical  
5 Engineering. I received a Master of Business Administration from the University of New  
6 Haven in 1989 and a Juris Doctorate from the University of Connecticut School of Law in  
7 1992.

8 **Q. Have you previously testified before the New Hampshire Public Utilities Commission**  
9 **or other New Hampshire agencies?**

10 A. Yes. I have testified on behalf of PSNH in regulatory proceedings before the New  
11 Hampshire Public Utilities Commission (the "Commission") and the New Hampshire Site  
12 Evaluation Committee.

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

14 A. The purpose of my testimony is to provide the Commission with an overview of PSNH's  
15 request for new permanent distribution rates, which follows the Company's filing for  
16 temporary rates on April 26, 2019. As explained in my testimony, this process initiates the  
17 Company's first distribution rate case since 2009. Over this period, PSNH has provided  
18 customers with extended rate stability, improved service reliability, substantial investments  
19 in distribution infrastructure, and has steadily navigated through extraordinary changes in  
20 the Company's operations and business environment.

1 My testimony addresses the following topics: (1) the key organization and operational  
2 changes to the Company since its last rate case, including the service levels and benefits  
3 that PSNH has delivered to customers in the intervening time period; (2) the factors that  
4 are driving extraordinary changes in the Company's operating environment and shaping  
5 the ratemaking proposals presented in this case; and (3) an overview of the Company's  
6 permanent distribution rate request and key proposals that are included therein. My  
7 testimony is organized into sections that correspond to these topics.

8 **Q. Is the Company's permanent rate request supported by testimony from additional**  
9 **witnesses?**

10 A. Yes. The Company is presenting a comprehensive rate filing supported by all of the  
11 information required by the Commission's rules, including testimony and exhibits  
12 demonstrating the need for permanent rate relief, as well as the Commission's Standard  
13 Filing Requirements that must accompany such a request. In addition to my testimony, the  
14 Company's request for permanent rates is supported by testimony from the following  
15 witnesses:

- 16 • Revenue Requirement Analysis: Eric H. Chung, Director, Revenue Requirements and  
17 Regulatory Projects, and Troy M. Dixon, Director of Revenue Requirements present  
18 the Company's revenue requirement analysis and associated rate proposals, including  
19 proposals for recovery of storm costs, vegetation management costs and GTEP  
20 expenditures. Their testimony also proposes a new Distribution Rate Adjustment  
21 Mechanism, which is a non-bypassable annual reconciling factor that will implement

multiple outcomes of this rate case, as well as rate adjustments related to other Commission directives that may occur in between subsequent rate cases. Mr. Chung and Mr. Dixon also discuss the calculation of excess accumulated deferred income taxes resulting from the changes in the federal income tax rate due to the Tax Cuts and Jobs Act of 2017 (the “Tax Act”) and the New Hampshire Business Profits Tax and their impact on PSNH for the rate period that will be examined in this rate case;

- Grid Transformation and Enablement Program – Part I, *Acceleration of Targeted Infrastructure Upgrades*: Joseph A. Purington, Vice President of New Hampshire Electric Operations, and Lee G. Lajoie, Manager of System Resiliency, present testimony on a key proposal in this case, which is the Grid Transformation and Enablement Program (“GTEP”). As described below, the GTEP is a comprehensive proposal, designed to work in conjunction with the base capital program, to upgrade the condition of the Company’s distribution system to meet growing expectations of customers, increase resiliency and integrate a range of advanced energy solutions and operations goals. Mr. Purington and Mr. Lajoie also discuss the Company’s base capital plan;

- Grid Transformation and Enablement Program – Part II, *Clean Innovation Projects*: Charlotte B. Ancel, Director of Clean Energy Strategy, Policy and Development, and Jennifer A. Schilling, Director of Grid Modernization, present additional testimony on the Company’s proposed GTEP, describing two demonstration projects that will serve

1 as important learning opportunities as the Company continues to enable the integration  
2 of new and emerging clean energy technologies into the electric distribution system;

- 3 • Return on Equity and Capital Structure: Ann E. Bulkley, Senior Vice President of  
4 Concentric Energy Advisors, Inc., presents evidence and provides a recommendation  
5 regarding the Company's Return on Equity ("ROE") and to provide an assessment of  
6 the capital structure to be used for ratemaking purposes;

- 7 • Vegetation Management: Robert D. Allen, Manager of Vegetation Management,  
8 provides testimony on the Company's proposals relating to the vegetation management  
9 activities undertaken for system reliability and resiliency objectives on the PSNH  
10 distribution system, including the plans for enhanced tree trimming ("ETT"), hazard  
11 tree removal, and full-width right-of-way clearing initiatives that going-forward will  
12 be classified as operating expense;

- 13 • Customer Service: Penelope McLean Conner, Chief Customer Officer and Senior Vice  
14 President of the Customer Group for Eversource Energy Service Company, presents  
15 two proposals in the customer service area to accommodate changing customer needs,  
16 expectations and preferences regarding their payment options for electric service,  
17 including implementation of a "fee free" credit/debit card payment system that will  
18 allow residential customers to pay their bills electronically without a transaction fee,  
19 and an arrearage forgiveness program for eligible residential customer. Ms. Conner  
20 also provides testimony regarding the Company's distribution meters;



- 1       • Plant Additions: Erica L. Menard, Manager, Revenue Requirements, presents  
2       testimony in support of the Company's historical capital additions from the time of the  
3       last step increase in 2013 through December 31, 2018, proposed for inclusion in rate  
4       base;
- 5       • Depreciation: John J. Spanos, President of Gannett Fleming Valuation and Rate  
6       Consultants, LLC, presents the depreciation study performed for PSNH to calculate  
7       annual depreciation accrual rates by account as of December 31, 2018 for all electric  
8       plant;
- 9       • Allocated Cost of Service Study and Marginal Cost of Service Study: Amparo Nieto,  
10      Senior Vice President at Economists Incorporated, provides two pieces of testimony,  
11      the first in support of the allocated cost of service study and the second in support of  
12      the marginal cost of service study, which were used by PSNH in developing its  
13      proposed distribution rates; and
- 14      • Rates: Edward A. Davis, Director of Rates for Eversource Energy Service Company,  
15      presents the proposed changes to distribution rates and corresponding tariff changes  
16      associated with the revenue requirement for permanent rates, as discussed in Mr. Chung  
17      and Mr. Dixon's revenue requirement testimony.

1    **III.    PSNH ORGANIZATION AND OPERATIONAL CHANGES**

2    **Q.    Please describe the Company and its current organizational structure.**

3    A.    Eversource Energy's electric distribution business consists of CL&P in Connecticut,  
4           NSTAR Electric in Massachusetts, and PSNH in New Hampshire, all of which are engaged  
5           in the distribution of electricity to retail customers in their respective states. Eversource  
6           Energy's water business includes Aquarion Water Company of New Hampshire, Inc.,  
7           which provides water service in the towns of Hampton, North Hampton and Rye, New  
8           Hampshire. PSNH's distribution business consists primarily of the delivery and sale of  
9           electricity to its residential, commercial, and industrial customers. As of December 31,  
10          2018, PSNH furnished retail franchise electric service to approximately 519,000 retail  
11          customers in 211 cities and towns in New Hampshire, covering an area of approximately  
12          5,630 square miles. PSNH's electric system consists of approximately 1,040 miles of  
13          transmission lines, approximately 14,000 miles of overhead and underground distribution  
14          lines, and 158 substations and related facilities throughout the service territory.

15          As of December 31, 2018, Eversource Energy employed a total of 8,084 employees,  
16          including 918 that were employed by PSNH. Approximately 50 percent of Eversource  
17          Energy's employees are members of the International Brotherhood of Electrical Workers  
18          ("IBEW"), the Utility Workers Union of America or The United Steelworkers covered by  
19          collective bargaining agreements. The majority of PSNH's union employees are covered  
20          by a single collective bargaining agreement with IBEW Local 1837.

1   **Q.     Would you please identify the significant organizational and operational changes that**  
2   **have occurred since the Company's last rate case?**

3   A.     Yes. In the ten years since the Company's last rate case in Docket No. DE 09-035 (the  
4         "2009 Rate Case"), the Company has experienced two very significant changes that have  
5         fostered operational efficiencies, improved service and created greater focus on distribution  
6         operations, consistent with New Hampshire's energy policies. These changes include the  
7         merger of NU and NSTAR in 2012, and the completion of the divestiture of the Company's  
8         electric generating assets in 2018.

9   **Q.     Please provide an overview of the merger of NU and NSTAR.**

10  A.     The NU-NSTAR merger was announced in October 2010 and consummated in April 2012.  
11         The merger created one of the largest combined utility companies in the United States, with  
12         six regulated electric and gas subsidiaries in three states, now operating as Eversource  
13         Energy.<sup>1</sup> The merger created a platform for the Eversource Energy operating subsidiaries  
14         to improve customer service in their respective jurisdictions and to integrate and  
15         standardize best practices and processes across operations to assure consistency of  
16         approach, optimal utilization of resources and the delivery of superior customer-service.  
17         The merger also provided a unique opportunity for Eversource Energy to integrate  
18         corporate and administrative functions and centralize shared-service functions such as

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<sup>1</sup> In addition to the NU-NSTAR merger, on December 4, 2017 Eversource acquired Eversource Aquarion Holdings, Inc. and its subsidiaries (a water utility formerly known as Macquarie Utilities Inc).

1 procurement, engineering, emergency response, and operations services, across the  
2 combined organization.

3 In addition to allowing for operational efficiency and effectiveness in day-to-day  
4 operations and restoration of power in major storm events, the operational changes that  
5 were made by Eversource Energy reduced operating costs. Most of the cost savings that  
6 were achieved in relation to the Company's operations and maintenance ("O&M") expense  
7 resulted from the integration and consolidation of functions in the areas of shared services,  
8 such as in relation to medical and dental insurance, corporate insurance and labor across a  
9 range of shared-service categories. Although the Company has also experienced increases  
10 in costs through the normal course of business, the reductions in operating costs available  
11 as a result of merger integration were pivotal in helping the Company maintain test year  
12 O&M at a level on par with the test year in 2008. These savings were unique, one-time  
13 adjustments of cost that would not have been possible without the merger and that are  
14 discernibly lowering the cost of service in this case. Without these savings, the Company's  
15 test year cost of service would be significantly higher, requiring a greater increase in rates.

16 **Q. Do you have additional examples of operational efficiencies made possible by the**  
17 **merger?**

18 A. Yes, I have several examples related to outage restoration. In 2015, Eversource Energy  
19 installed a new Outage Management System ("OMS") to align outage management  
20 operating platforms across Connecticut, Massachusetts, and New Hampshire. In 2016,  
21 Eversource implemented enterprise-wide improvements to outage communications

1 allowing customers to receive real-time information from the Company by text, email, or  
2 phone (based on each customer's selected communication preference). In addition, during  
3 the large storm events that have occurred since 2012, the Company has been able to  
4 leverage Eversource Energy's resources from Connecticut and Massachusetts, which has  
5 provided efficiencies and shortened outage durations for New Hampshire customers.

6 **Q. Does the Company's rate application provide a quantification of merger-related**  
7 **savings?**

8 A. Yes. Mr. Chung and Mr. Dixon's revenue-requirement testimony presents a quantification  
9 of the enterprise-wide savings that were achieved as a direct result of the merger. As they  
10 discuss, enterprise-wide merger-related savings totaled approximately \$640 million  
11 through December 31, 2018. Mr. Chung and Mr. Dixon discuss the quantification of the  
12 PSNH share of overall enterprise savings, which indicates savings for PSNH customers of  
13 \$41 million, or approximately six percent of the total enterprise savings obtained through  
14 the year ending December 31, 2018. Mr. Chung and Mr. Dixon also identify specific cost  
15 reductions that were achieved directly within PSNH's operations and which exceed  
16 PSNH's allocated share of the costs that were incurred to accomplish the merger.

17 **Q. Is the Company requesting recovery of merger transaction costs?**

18 A. Yes. The NU-NSTAR merger created substantial enterprise-wide benefits for all  
19 Eversource Energy customers, including specific, quantifiable benefits for PSNH  
20 customers. These benefits took the form of real operating cost reductions that have lowered  
21 the cost of service in this case below what it would have been absent the merger. To

1 complete the merger and achieve these operating cost reductions, the companies incurred  
2 transaction and integration costs that were apportioned for accounting purposes across all  
3 operating affiliates. To date, Eversource Energy has received approval to recover its  
4 transaction and integration costs across all other operating jurisdictions based upon a  
5 showing that customers benefitted from actual cost reductions that are demonstrable in real  
6 terms, showing that the merger could not have been achieved without incurring these costs  
7 and, of greater significance, the merger-related costs have been far exceeded by the actual  
8 savings achieved, thereby producing substantial net benefits for Eversource Energy  
9 customers. The Company recognizes that the burden of proof for the recovery of merger-  
10 related costs is high in New Hampshire. However, the NU-NSTAR was a singular success,  
11 producing direct and substantial savings for PSNH customers that are captured in the cost  
12 of service in this case with base distribution rates that are lower than would otherwise have  
13 occurred without the merger. Therefore, the Company is requesting consideration in this  
14 case of its request to recover New Hampshire's proportional share of one-time costs that  
15 were necessarily incurred to complete the merger and to achieve the operational savings  
16 available through merger-related integration.

17 **Q. Was the Company's divestiture of its generation assets also a significant milestone**  
18 **since the 2009 Rate Case?**

19 **A.** Yes. As the Commission is aware, the Company was historically a "vertically integrated"  
20 utility, providing electric generation, transmission, and distribution services to New  
21 Hampshire customers. In 1996, the New Hampshire Legislature passed RSA 374-F,

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1 beginning the process of deregulation, including the transition away from a vertically  
2 integrated electric market to a competitive regional energy market. The Company's  
3 transition from a vertically integrated utility to a distribution service provider has been  
4 long, complex, and at times challenging, but the transition is finally complete.

5 Ultimately, the divestiture of PSNH's generation assets came about as a result of  
6 legislation, enacted in 2014, which required the Commission to determine whether the  
7 divestiture of some or all of the Company's generation assets was in the economic interest  
8 of retail customers.<sup>2</sup> On September 16, 2014, the Commission issued an Order of Notice  
9 opening Docket No. DE 14-238 in response to HB 1602. In June 2015, the 2015 PSNH  
10 Restructuring and Rate Stabilization Agreement (the "2015 Settlement Agreement") was  
11 filed with the Commission in DE 14-238 (later amended in January 2016) and it stipulated  
12 that the divestiture of the Company's generation assets was in the economic interest of  
13 retail customers and required the divestiture to be conducted by an auction advisor selected  
14 by the Commission.<sup>3</sup> The Commission approved the 2015 Settlement Agreement in July  
15 2016.<sup>4</sup>

16 The process to sell the Company's electric generation assets began in February 2017, led  
17 by the auction advisor designated by the Commission, J.P. Morgan Securities LLC.

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<sup>2</sup> Laws 2014, 310:1.

<sup>3</sup> See Order No. 25,920 (July 1, 2016).

<sup>4</sup> *Id.*

1 Approximately one year later, the Company completed the sale of its New Hampshire  
2 thermal generation facilities, totaling 1,130 MWs in nameplate capacity, to Granite Shore  
3 Power LLC. On August 26, 2018, the Company completed the sale of its nine hydroelectric  
4 stations, totaling 68.2 MWs in nameplate capacity, to an affiliate of Hull Street Energy  
5 LLC. The completion of this sale represented the final milestone in the deregulation of the  
6 electric utility industry in New Hampshire and the Company's full transition to a model  
7 whereby customer energy needs are met with generation produced by the competitive  
8 regional energy market. The timing of this recent transition aligns well with a  
9 comprehensive review of the Company's distribution rate filing by the Commission.

10 **Q. How did the Company's divestiture of its generation assets enable PSNH to refocus**  
11 **its resources on meeting the needs of its customers for advanced energy solutions?**

12 A. Now that the divestiture process is complete, the Company is well-positioned to facilitate  
13 the integration of clean energy projects and other advanced energy solutions for its  
14 customers, similar to initiatives of its Eversource Energy affiliates to advance state energy  
15 policies in Massachusetts and Connecticut. As explained later in my testimony, PSNH is  
16 presenting several key proposals in its rate application to move forward on these important  
17 objectives.

18 **Q. Throughout these transformational changes since the last rate case, have customers**  
19 **benefitted from a stable rate path?**

20 A. Yes. Permanent rates were last set as of July 1, 2010 in the 2009 Rate Case, and since that  
21 time the Company's base distribution rates have remained relatively flat, including three  
22 Commission-authorized step increases to allow recovery for a portion of the Company's



1 capital additions completed through March 2013; changes in the storm reserve and  
2 inclusion of approved REP investments; and approved recovery of Commission assessment  
3 changes and consultant costs. In addition, as part of the 2015 Settlement Agreement, the  
4 Company agreed to refrain from filing a base distribution rate case until at least the middle  
5 of 2017.<sup>5</sup> Consequently, the Company's customers have experienced relatively stable and  
6 consistent distribution rates for a decade. However, because the Company's distribution  
7 rates are based on a 2008 test year, and the Company has continued to make necessary  
8 investments in the system to maintain safe and reliable service, these rates are no longer  
9 adequate to recover the cost of providing safe and reliable electric service to PSNH's  
10 customers.

11 **Q. Were there other benefits connected with the 2015 Settlement Agreement?**

12 A. Yes. Under the 2015 Settlement Agreement, customers benefitted from the Company's  
13 agreement to forego recovery of \$25 million related to the Merrimack Station emission  
14 reduction scrubber, and from the financing of remaining stranded costs through the use of  
15 securitization bonds. In addition, PSNH agreed to provide \$5 million from shareholder  
16 funds to establish a Clean Energy Fund to advance the development of clean energy and  
17 energy efficiency.

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<sup>5</sup> See Order No. 25,920 (July 1, 2016) at 39.

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1   **Q.    Are there any other accomplishments of PSNH and its employees that you would like**  
2   **to highlight?**

3    A.    Yes. The Company and its employees remain dedicated to giving back to the communities  
4       we serve through employee volunteerism, charitable donations, and civic involvement. In  
5       2017, PSNH employees volunteered nearly 2,000 hours of time to local New Hampshire  
6       non-profit organizations helping to enhance the quality of life in all 211 New Hampshire  
7       communities served by the Company. PSNH and its employees generously donated more  
8       than \$840,000 to organizations throughout the state including the United Way, Easterseals  
9       New Hampshire, the Neighbor Helping Neighbor Fund, the New Hampshire Veterans  
10      Cemetery Association, and many more.

11      In 2018, the Company continued its giving strategy, again volunteering nearly 2,000 hours  
12      and donating more than \$609,000 to New Hampshire charitable organizations—including  
13      \$132,155 in community grants and a \$175,000 contribution to the Granite State United  
14      Way. In 2018, PSNH placed an extra emphasis on partnering with non-profit agencies and  
15      the community college system to foster workforce development as demonstrated by the  
16      2018 and 2019 partnership with FIRST Robotics and the Governor’s Cup competition.  
17      Also, PSNH funded a study by the state’s young professional organization, Stay-Work-  
18      Play, to better understand the needs of young professionals as they consider New  
19      Hampshire as a place to work and reside. In the spirit of workforce development, PSNH  
20      continues to provide resources and funding to New Hampshire community schools for  
21      science, technology, engineering, and mathematics (“STEM”) educational initiatives and

1 STEM camps. The Company continues to be actively involved with local Chambers of  
2 Commerce organizations to help foster and promote a healthy local economy.

3 **III. BUSINESS ENVIRONMENT AND FACTORS AFFECTING OPERATIONS**

4 **Q. What are some of the factors driving change in the Company's business and operating**  
5 **environment and the ratemaking proposals made in this case?**

6 A. The Company last filed for a base-rate increase a decade ago in DE 09-035 based on a 2008  
7 test year. After rates were set in that case, PSNH continued over the intervening decade to  
8 make substantial capital investments in the electric distribution system and to perform  
9 critical vegetation-management work to deliver safe and reliable service to New Hampshire  
10 customers. These investments resulted in reduced system interruptions and outages, which  
11 has provided a tangible and meaningful benefit for customers and the state as a whole. In  
12 addition, the Company has worked hard over the last decade to keep O&M costs flat  
13 through disciplined management of costs, and implementation of continuous efficiency  
14 improvements relating to the way in which the Company operates its business. The  
15 Company is implementing an operating strategy and proactively managing toward  
16 deployment of a more flexible and resilient electric distribution system for the future. The  
17 Company is working continuously to meet the growing expectations of customers for  
18 reliability, resiliency and service options in a cost-efficient manner.

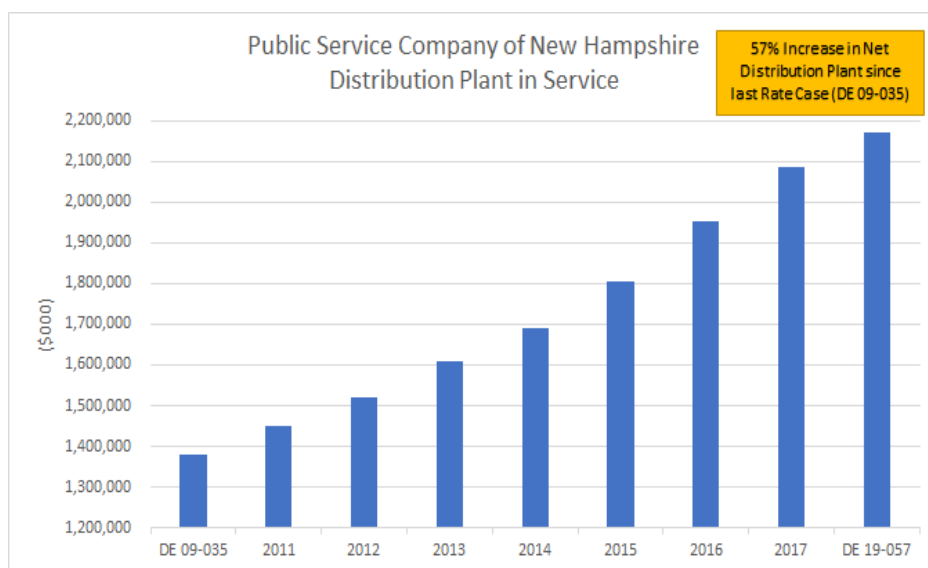
19 **Q. Has the Company made substantial capital investments since the 2009 Rate Case?**

20 A. Yes. As noted above, since the Company's 2009 Rate Case, the Company has made  
21 significant capital investments to maintain and upgrade the reliability and resiliency of the

distribution system, benefitting New Hampshire customers in day-to-day operations and during storm events. In addition, the Company's investment in distribution infrastructure is important for the New Hampshire economy and its many communities. For example, the Company's infrastructure upgrade, reinforcement and development efforts support local jobs and generate local property-tax revenue.

As shown in the Figure 1 below, the Company's plant additions in the intervening decade since the 2009 Rate Case have been significant.

**Figure 1: Distribution Plant in Service<sup>6</sup>**



<sup>6</sup> In Docket No. DE 09-035, the Commission permitted the Company to reflect changes in plant during the first quarter of 2010. See Order No. 25,123 (June 28, 2010) at 30-31. In addition, the Commission approved a methodology to recover 80 percent of the costs of plant added between April 2010 and March 2013 through step increases.

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1   **Q.    Did the Commission’s decision in the 2009 Rate Case provide for recovery of a level**  
2   **of the Company’s capital costs?**

3    A.    Yes. A settlement agreement approved by the Commission in the 2009 Rate Case  
4       permitted the Company to adjust its rate base from the end of the 2008 test year to the end  
5       of 2009, while also allowing for other adjustments to reflect changes in plant during the  
6       first quarter of 2010.<sup>7</sup> In addition, the Commission approved a methodology to recover  
7       through step increases 80 percent of the costs of non-Reliability Enhancement Plan  
8       (“REP”) plant added between April 2010 and March 2013 (as well as investments  
9       associated with the REP).<sup>8</sup> However, even with these provisions for partial recovery of  
10      plant in service, the unrecovered amounts from 2011 through March 2013 (20% of total  
11      non-REP plant costs) and between April 2013 and December 31, 2018 (100% of total non-  
12      REP plant costs) are substantial.

13      As a result, the Company’s request for new permanent distribution rates is driven in large  
14      part by the need to bring distribution base revenues in line with the substantial investments  
15      in rate base that have occurred since the 2009 Rate Case and to allow the Company to earn  
16      a reasonable return on that rate base. Moreover, the necessary investments in distribution  
17      plant over the past ten years have resulted in increases to property tax and depreciation

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<sup>7</sup> See Order No. 25,123 (June 28, 2010) at 30-31.

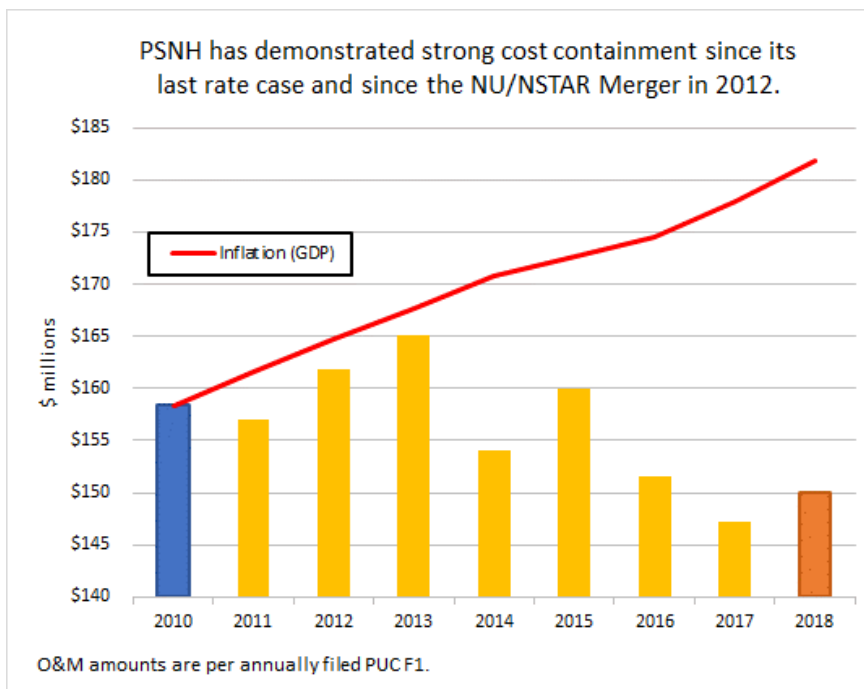
<sup>8</sup> *Id.* at 6-7 (“The settlement agreement also calls for a series of step increases for effect on each July 1 in 2011, 2012 and 2013. These step increases are intended to account for a return on additions to the Company’s net plant as well as a return on capital additions resulting from the Company’s REP-related activities. As regards the non-REP items, under the settlement agreement, by April 30 of 2011, 2012, and 2013, the Company must file documentation demonstrating the change in its net plant between April 1 of the prior year and March 31 of the current year.”) (citations omitted).

1 expense. The amount of property tax expense reflected in the cost of service has increased  
2 nearly 80 percent since the 2009 Rate Case, or by approximately \$21 million, representing  
3 11 percent of the proposed overall revenue requirement in this case.

4 **Q. Has the Company taken steps to control operations and maintenance expense to offset**  
5 **the need for a base-rate case?**

6 Yes. In addition to managing the significant capital investments needed to provide safe  
7 and reliable electric service, the Company has worked hard to contain O&M costs. PSNH  
8 has exercised disciplined cost management and has implemented continuous efficiency  
9 improvements in its business operations. The Company also realized merger-related  
10 savings that have helped contain O&M cost increases. As a result, as shown in Figure 2  
11 below, the level of O&M experienced in the test year ending December 31, 2018 is \$32  
12 million less than in 2010, adjusted for inflation.

**Figure 2: Total O&M Expense**



However, although the Company had successfully contained O&M costs as a whole, there are certain expenses that are outside of the Company's control, such as changes in property tax expense, that are not reflected in current distribution rates.

**Q. Can you also comment on the importance of system reliability in the Company's business operations?**

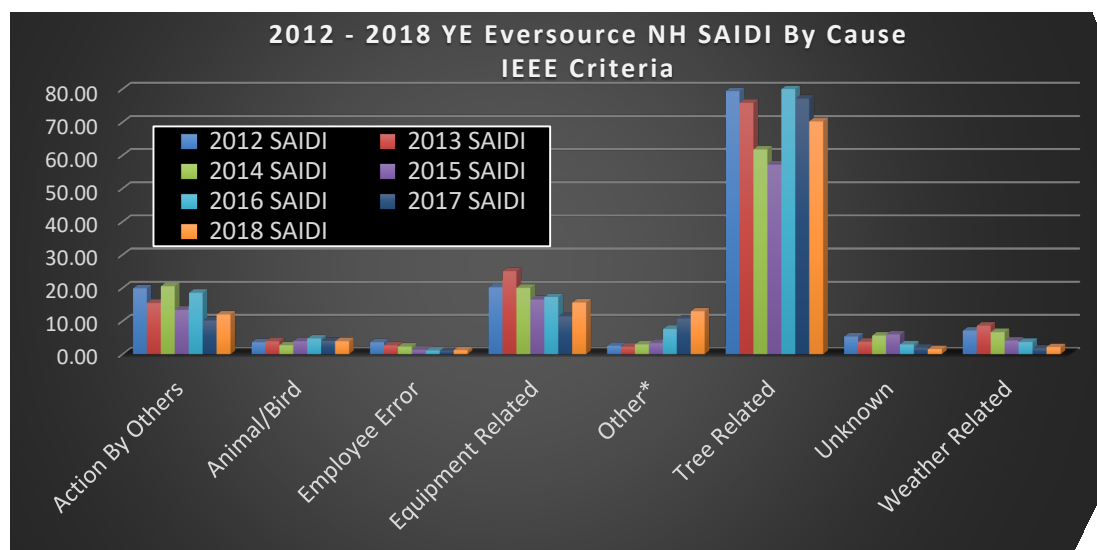
A. New Hampshire customers have high expectations with respect to the reliability of their electric service and those expectations have continued to grow over time. Virtually every sector of the state's economy depends on electricity as homes and businesses come to rely more and more on technologies that require electricity. The extent of this dependence is

underscored when a significant storm event impacts the region. PSNH fully recognizes the stress and disruption that a power interruption can cause to its customers.

New Hampshire is one of the most heavily forested states in the country, and most of the outages on the Company's system are caused by trees and tree limbs, which is why vegetation management has been and continues to be a top priority for the Company.

Figure 3 below shows the substantial impact of tree-related outages:

**Figure 3: SAIDI by Cause (2012-2018)**



For over a decade, the Company has made capital investments, including those made through the REP, to meet the increasing needs and expectations of the customers served by its electric distribution system. In addition, given the data linking the majority of power interruptions to trees and tree limbs, the Company's vegetation management efforts



1 continue to be critically important. The testimony of Mr. Allen provides additional  
2 information on the Company's proposal to ensure that the critical reliability and resiliency  
3 benefits generated by vegetation management activities continue to be delivered to  
4 customers into the future.

5 **Q. Have the Company's capital investments had a measurable impact on system**  
6 **reliability?**

7 Yes. As shown in Figure 4 below, the Company's reliability metrics (SAIDI<sup>9</sup>, SAIFI<sup>10</sup>,  
8 CAIDI<sup>11</sup>, and CIII<sup>12</sup>) have all been trending down, which means that the duration and  
9 frequency of outages experienced by customers are decreasing over time.

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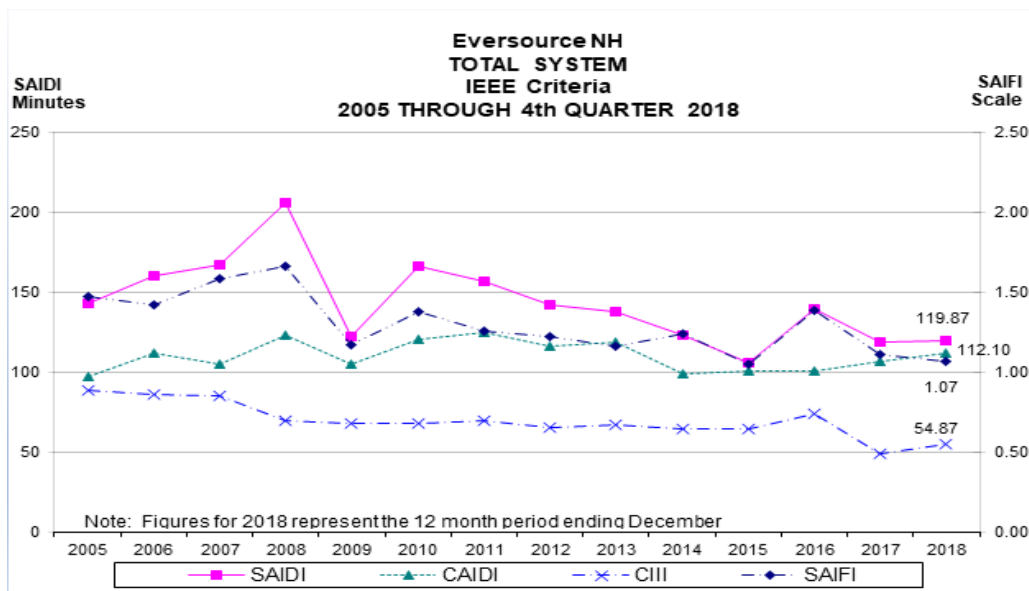
<sup>9</sup> SAIDI, the System Average Interruption Duration Index, is the average interruption duration in minutes per customer served. It is determined by dividing the sum of all customer interruption durations during a year by the number of customers served.  $SAIDI = \text{sum of customer interruption durations} / \text{total number of customers}$ .

<sup>10</sup> SAIFI, the System Average Interruption Frequency Index, is the average number of times that a system customer is interrupted during a year. It is computed by dividing the total number of customers interrupted in a year by the average number of customers served during the year. A customer interruption is considered to be one interruption to one customer.  $SAIFI = \text{sum of customer interruptions} / \text{total number of customers}$ .

<sup>11</sup> CAIDI, the Customer Average Interruption Duration Index, is the average service restoration time or the average interruption duration for those customers interrupted during a year. It is determined by dividing the sum of all customer interruption durations by the total number of customers interrupted in a year.  $CAIDI = \text{sum of customer interruption durations} / \text{total number of customer interruptions}$ .

<sup>12</sup> CIII, the Customers Interrupted per Interruption Index, is the average number of customers without power per interruption. It is determined by dividing the number of customer interruptions in a year by the total number of interruptions.

**Figure 4: Reliability Metrics**



From 2008 to 2018, the frequency of outages experienced by a typical customer was reduced by 36 percent; the system average duration of an interruption decreased by over 40 percent from 205.6 minutes to 119.9 minutes; and the average number of customers experiencing a system interruption decreased from 70 to 55, a 22-percent reduction. These significant improvements are made possible by the capital investments made in the Company's distribution system, as well as vegetation management work. Some of these investments include pole top distribution automation, circuit ties, replacement of antiquated and obsolete equipment, and relocation of overhead lines from off-road to roadside.

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1    **Q.    How do storms affect the Company's operating strategy and its proposals in this case?**

2    A.    New England experiences some of the nation's most severe weather and PSNH has taken  
3        proactive measures to prepare for these events. As discussed above, the Company  
4        implemented organizational changes following the NU-NSTAR merger to coordinate  
5        storm preparedness and restoration across the Eversource Energy enterprise. As a result,  
6        the Company has been able to leverage support from its out-of-state affiliates, including  
7        resources ranging from crews to support personnel to management. In addition, the  
8        Company's investments in distributed automation devices have enhanced its ability to  
9        detect, locate, and diagnose faults when power interruptions occur. However, it is clear  
10       that the Company must to continue to make resiliency investments as part of its planning  
11       and investment strategy as weather continues to be a major factor affecting system  
12       reliability and resiliency.

13   **Q.    Are technological advances also causing extraordinary changes in the Company's**  
14   **operating environment?**

15   A.    Yes. The technology landscape for utilities is changing quickly and drastically. From  
16        generation to the customer meter, the pace of development continues to accelerate creating  
17        a thoroughly dynamic operating environment. These technological advances include  
18        distributed sources of energy, such as wind and solar, as well as energy storage, distribution  
19        automation solutions, microgrids, and energy efficiency. At the same time, customer  
20        expectations regarding reliable and resilient electric service continue to grow as the  
21        economy depends more and more on uninterrupted electrical service. Moreover, in today's

1 highly-connected digital world, customers increasingly expect to be served in a digital  
2 fashion by all their service providers—including utilities. All of these factors are  
3 converging to create pressure on the Company to evolve the distribution system in a  
4 manner that will accommodate and respond to this change. In turn, the pressure to evolve  
5 the distribution system to a more flexible, resilient grid has had an impact on the  
6 Company's proposals in this case.

7 **IV. OVERVIEW OF THE COMPANY'S RATE FILING**

8 **Q. Please describe the elements of the Company's overall filing in this proceeding.**

9 A. In this proceeding, the Company is requesting a change in base distribution rates as of July  
10 1, 2020. Along with other proposals in this case, the Company is presenting the GTEP,  
11 which is designed to operate in concert with the Company's base capital program to  
12 provide critical support for accelerated investments targeted to fortify the overhead  
13 distribution system with more resilient equipment and materials, while at the same time  
14 creating the operating platform necessary to enable the integration of advanced technology  
15 solutions on a cost effective and lasting basis. The GTEP proposal is intended to bring  
16 about a step-change by raising the condition of the Company's distribution system to a  
17 level that is necessary to meet the growing expectations of customers for fewer service  
18 interruptions; shorter restoration times; and the integration of a range of advanced energy  
19 solutions that achieve operational and clean energy goals.

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1    **Q.     Please describe the Company's request for new permanent rates.**

2    A.     In this proceeding, the Company is requesting a permanent change in base distribution rates  
3           for PSNH to recover a revenue deficiency of \$69.913 million, based on a test-year ending  
4           December 31, 2018. This request for permanent rate relief is sought in conjunction with  
5           the Company's request for temporary rate relief filed on April 26, 2019. As detailed in the  
6           Company's April 26<sup>th</sup> filing, the temporary rate adjustment seeks recovery of \$33.098  
7           million to recover investments made since the 2009 Rate Case, including expenses from  
8           major storms, vegetation management, and reliability upgrades. In this permanent rate  
9           relief filing, the Company is seeking recovery of an incremental \$36.815 million revenue  
10          deficiency and includes additional ratemaking proposals to position the Company to  
11          continue to strengthen the electric distribution system and advance the integration of  
12          distributed clean energy resources in New Hampshire.

13          The Company's current distribution rates are insufficient to recover the cost of providing  
14          service to customers, including a fair return on the assets devoted to utility service.  
15          Specifically, the Company's earned return on rate base for the test year ended December  
16          31, 2018 was 7.72 percent, which is below industry standards for a fair and reasonable  
17          return, and 195 basis points lower than the return on rate base of 9.67 percent authorized  
18          by the Commission in the 2009 Rate Case. Accordingly, the Company now finds it  
19          necessary to petition the Commission for review and determination of an increase in base  
20          distribution revenues to support utility operations. The Company's filing includes: the  
21          results of a revenue requirement calculation; a lead-lag study; a depreciation study; an

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1 allocated cost of service study; a marginal cost study; and other testimony and exhibits in  
2 support of the Company's proposals in this case.

3 A summary of the Company's rate request is provided in Table 1:

4 **Table 1: Summary of Request for Rate Relief**

<b>Driver</b>	<b>Amount</b>
Per-book Distribution Revenue Deficiency	\$12 million
<b>Request for Temporary Rate Relief:</b>	
Vegetation Management Reclassification	+\$18 million
Storm Balance Amortization	+\$15 million
TCJA Customer Credit for 2018 Savings	-\$12 million
<b>Total Net Deficiency – Temporary Rates</b>	<b>\$33 million</b>
Pro forma and other revenue requirement adjustments	+\$37 million
<b>Total Net Deficiency – Permanent Rates</b>	<b>\$70 million</b>

5  
6 As explained in more detail in the revenue requirement testimony of Mr. Chung and Mr.  
7 Dixon, the revenue requirement is based on a total rate base of \$1,215,667,897 and an  
8 overall weighted average cost of capital of 7.62 percent.

9 If the Company's proposals are approved without modification, a typical 600 kWh  
10 residential customer would see a total monthly bill impact of 2.9 percent or \$3.55 monthly  
11 bill increase as a result of the temporary rate filing, and an incremental 4.4 percent or \$5.45  
12 monthly bill increase as a result of the permanent rate filing. For commercial and industrial  
13 ("C&I") customers, the total monthly bill impact ranges from 2 to 5 percent for small Rate  
14 G C&I customers for the temporary rate filing and an incremental 0.9 to 3 percent for the

1 permanent rate filing; from 1 to 2 percent for medium Rate GV C&I customers from the  
2 temporary rate filing and an incremental 0.8 to 1.7 percent for the permanent rate filing;  
3 and from 0.7 to 2 percent for large Rate LG C&I customers from the temporary rate filing  
4 and an incremental 0.6 to 2.5 percent for the permanent rate filing, depending on the  
5 amount of their usage. Outdoor lighting customers would see an overall 6.3 percent  
6 increase from the temporary filing, with a subsequent decrease resulting in an overall  
7 reduction of 17.8 percent in the permanent rate filing.

8 **Q. What are the principal drivers of the Company's request for a change in distribution**  
9 **rates?**

10 A. As discussed above, the Company's request for a change in base distribution rates is  
11 motivated by several factors, but principally by unrecovered capital investment costs. The  
12 significant shortfall between operating revenues, on the one hand, and capital investment,  
13 on the other, has adversely impacted the financial results of the Company in the test year  
14 (twelve months ending December 31, 2018), and, if not addressed, will continue to expose  
15 the Company to additional financial degradation.

16 Since the Company's last step increase went into effect, the Company has continued to  
17 make significant capital investments to construct, replace and maintain distribution  
18 infrastructure. As shown in Table 2 below, in each year beginning in 2013 through the end  
19 of the test year in this filing, December 31, 2018, the Company's capital plant additions  
20 have totaled approximately \$800 million over this period:

**Table 2: Total Capital Plant Additions**

Plant Additions by Category by Year (\$ millions)							
Category	2013	2014	2015	2016	2017	2018	Total
Basic Business	32.1	42.9	61.6	47.4	54.0	51.3	289.4
New Customer	8.9	6.3	5.4	6.1	8.6	9.6	45.0
Peak Load/Capacity	12.8	11.2	19.7	15.9	3.1	3.1	65.7
Regulatory Commitments	0.0	0.1	0.5	1.0	0.0	0.1	1.7
Reliability Enhancement Program	25.9	17.6	3.7	57.6	38.8	4.3	147.8
Reliability	20.6	27.1	35.8	40.2	42.6	84.7	250.9
Total	100.3	105.3	126.6	168.1	147.2	152.9	800.4

**Q. Does the cost of service presented by PSNH in this case include any costs associated with the recently divested generation business?**

**A.** No, there are no generation-related costs in the 2018 test year presented in this case for review by the Commission.

**Q. Does the Company's rate request include proposed step adjustments similar to the 2009 Rate Case?**

**A.** Yes. The Company is proposing step adjustments to distribution base rates to occur on July 1 of 2020, 2021, 2022, and 2023 for base capital investments made in 2019, 2020, 2021 and 2022, respectively. Because timely recovery of capital investments is one of the primary drivers of the need for rate relief, step adjustments are a reasonable method to enable PSNH to recover the costs of assets placed in service after the test year without the need for multiple rate case proceedings. The Commission has long employed step adjustments to rates as a means of ensuring that a regulated utility retains its ability to earn a reasonable rate of return after implementing large capital projects that increase the utility's rate base after a test year. Accordingly, the Company's rate plan is designed to provide the Company with a reasonable opportunity to earn its authorized rate of return on



1 significant planned investments that are necessary to continue to safely and reliably serve  
2 customers without the need to file frequent rate cases. The step adjustments are described  
3 in more detail in the revenue requirement testimony of Mr. Chung and Mr. Dixon.

4 **Q. Earlier in your testimony, you referenced certain proposals that are included in the**  
5 **Company's filing in this proceeding. Would you please comment on those proposals?**

6 A. Yes. The Company is proposing several important initiatives in this filing, as discussed in  
7 the following subsections of my testimony.

8 **A. Grid Transformation and Enablement Program**

9 **Q. What is the purpose of the Grid Transformation and Enablement Program?**

10 A. At its core, the GTEP is a proposal to raise the condition of the Company's distribution  
11 system in the State of New Hampshire to a level that is necessary to meet the growing  
12 expectations of customers for fewer service interruptions; shorter restoration times,  
13 particularly following major weather events; and the integration of a range of advanced  
14 energy solutions that achieve operational goals, while at the same time reducing  
15 greenhouse gas emissions. PSNH is making this proposal to take a meaningful step  
16 forward in addressing the confluence of factors that are substantially and irrevocably  
17 changing the operating environment for electric distribution utilities.

18 The GTEP is designed to operate in concert with the Company's core capital program to  
19 provide critical support for accelerated investments targeted to fortify the overhead  
20 distribution system with more resilient equipment and materials, while at the same time  
21 creating the operating platform necessary to enable the integration of advanced technology

1 solutions on a cost effective and lasting basis. If approved by the Commission, the GTEP  
2 would also provide the Company with the ability to identify, plan and develop projects to  
3 meet customer demand for increased system integration of clean energy technologies,  
4 including two, specific demonstration projects that the Company has already identified to  
5 serve as important learning opportunities to further this objective.

6 **Q. What are the major components of the Company's GTEP proposal?**

7 A. The GTEP consists of two elements. First, the GTEP would enable the Company to  
8 accelerate investments targeted to fortify the overhead distribution system with more  
9 resilient equipment and materials and prepare the system to serve as the platform for the  
10 integration of advanced energy solutions. Specifically, the GTEP would allow the  
11 Company to accelerate the conversion of the overhead system from its outmoded  
12 construction to a sturdier, more resilient construction utilizing modern-day equipment and  
13 materials. This aspect of the Company's proposal is discussed in the GTEP testimony by  
14 Mr. Purington and Mr. Lajoie.

15 Second, the GTEP would enable the Company to identify, plan and execute on the  
16 integration of advanced energy solutions that would serve the overhead system (and the  
17 customers that rely on it) on a multi-dimensional basis, providing both operating and clean  
18 energy benefits for customers. In relation to this second aspect of the GTEP, the Company  
19 is presenting two demonstration projects, which are the Westmoreland Clean Innovation

1 Project and the Oyster River Clean Innovation Project, as described in the GTEP testimony  
2 by Ms. Ancel and Ms. Schilling.

3 As discussed in the testimony of Mr. Chung and Mr. Dixon, the GTEP encompasses a rate-  
4 making mechanism to support accelerated investment and advanced technology  
5 integration. As Mr. Chung and Mr. Dixon explain, the flow-back of excess deferred  
6 income-taxes arising from the TCJA provides a rare opportunity to make a step change in  
7 the work performed to meet the needs of customers through a conversion of the overhead  
8 electric system to a more resilient, integrated and advanced grid.

9 **Q. Why is PSNH making this proposal as part of this rate case?**

10 A. As explained earlier in my testimony, this is the first base-rate proceeding that the  
11 Company has filed in 10 years. In that 10 years, a vast sea-change has occurred in terms  
12 of the need for the distribution system to be more reliable and resilient to meet the growing  
13 expectations of customers; for protection from the impacts of climate change experienced  
14 by customers in terms of the significant ramp-up in the frequency and severity of major  
15 weather events and the imperative to reduce greenhouse gas emissions; for changes in  
16 service alternatives arising as a result of the transition to a digital economy; and for options  
17 to participate in climate-change response through the installation of distributed energy  
18 solutions and other opportunities. The confluence of these dynamics, along with an  
19 increasing need for both physical and cyber-security, is fundamentally changing the  
20 Company's operating environment and is doing so on an unprecedented scale.

1       Consequently, in this case, the Company is presenting a comprehensive view of the state  
2       of the distribution system to convey the imperative that exists for the Company (and its  
3       customers) to step-up the conversion of the system from an outmoded construction to a  
4       sturdier, more resilient construction utilizing modern-day equipment and materials and to  
5       achieve a level of system condition that is conducive to the integration of advanced energy  
6       solutions.

7       **Q.     Why is the GTEP focused on accelerating investment?**

8       A.     Simply put, the Company's current rate of replacement reflects a traditional investment  
9       strategy focused on extending the useful life of distribution assets and replacing facilities  
10      on an as-needed basis. However, the Company is confronted with growing customer  
11      expectations for fewer service interruptions; shorter restoration times, particularly  
12      following major weather events; and the integration of a range of advanced energy  
13      solutions that achieve operational goals, while at the same time reducing greenhouse gas  
14      emissions. Accelerated investment is necessary to enable the Company to fortify the  
15      overhead distribution system with more resilient equipment and materials, while at the  
16      same time creating the operating platform necessary to more readily accept the integration  
17      of advanced technology solutions.

18      **Q.     In addition to the GTEP, is PSNH working to advance clean energy innovation in the**  
19      **State of New Hampshire?**

20      A.     Yes. The GTEP includes the two demonstration projects that will be important to advance  
21      this objective, and on an overall basis the program is supportive of the Commission's

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1 investigation of grid modernization initiatives. More broadly, PSNH is also considering  
2 initiatives outside of the GTEP that will move the State of New Hampshire forward on  
3 clean energy innovation. For example, PSNH is exploring options for a public-private  
4 partnership to develop an electric vehicle (“EV”) fast charging corridor for New  
5 Hampshire, in coordination with the state EV Commission. Through this project, PSNH  
6 would invest approximately \$2 million of base capital to construct distribution facilities,  
7 primarily service drops, to energize a series of EV fast chargers. An EV fast charging  
8 corridor would provide multiple charging sites along New Hampshire’s most thoroughly  
9 traveled roadways and thereby advance in-state economic development, promote tourism  
10 and support EV drivers who live and work in New Hampshire. In addition, funding for the  
11 chargers (approximately \$50,000 each) is envisioned to come from the 2016 Volkswagen  
12 settlement trust. The chargers would be owned by third-party charging vendors that are  
13 selected through a competitive bid process. This project would support customer  
14 deployment of up to 48 50kW DC fast-charging stations at approximately 12 sites  
15 throughout the Company’s service territory, with the infrastructure to support future  
16 expansion of up to 40 additional DC fast chargers.

17 **B. Major Storm Cost Recovery**

18 **Q. Does the Company’s rate filing include a proposal for major storm cost recovery?**

19 A. Yes. In this proceeding, the Company is making a proposal to refine the major storm cost  
20 recovery (“MSCR”) mechanism to provide for more efficient and timely recovery of major  
21 storm costs and to avoid significant bill impacts to customers. The Company’s Major

1 Storm Cost Recovery Proposal is presented in the revenue requirement testimony of Mr.  
2 Chung and Mr. Dixon.

3 The Company currently collects \$12 million of annual funding for its MSCR through base  
4 distribution rates. In this proceeding, the Company is proposing to split the MSCR into  
5 two components. As for the first component, the Company proposes to continue, at a lower  
6 level, storm funding collected via base distribution rates consistent with current practice.  
7 In the second component, the Company proposes that a mechanism be established outside  
8 of base rates to reconcile annual storm funding shortages or surpluses to ensure timely  
9 recovery of storm costs, which will minimize carrying charges for customers. The storm  
10 cost reconciliation factor will be adjusted annually on July 1 based on the size of the storm,  
11 as described in the testimony of Mr. Chung and Mr. Dixon.

12 **Q. What level of storm funding is the Company proposing to be included in base**  
13 **distribution rates?**

14 A. The Company is proposing that the annual level of storm funding to be included in base  
15 distribution rates be reduced from the current annual funding amount of \$12 million to \$8  
16 million.

17 **Q. Does recent experience demonstrate the need for the proposal for storm cost**  
18 **recovery?**

19 A. Yes. The need for a new contingency storm cost mechanism is demonstrated by the  
20 significant shortfall in unrecovered storm costs that is currently impacting the Company's  
21 cost of service. As discussed in revenue requirement testimony for both the temporary and

1 permanent rate filings by Mr. Chung and Mr. Dixon, the Company has experienced a  
2 shortfall of approximately \$68.5 million in unrecovered storm costs driven primarily by  
3 significant storm activity in 2017 and 2018. The Company's storm cost recovery proposal  
4 is meant to address this shortfall. More specifically, the Company proposed in its  
5 temporary rates filing to commence recovery of this deficit, including carrying charges at  
6 the previously approved stipulated rate of return, over a five-year period commencing July  
7 1, 2019.

8 **C. Vegetation Management Cost Recovery**

9 **Q. Does the Company's rate filing include a proposal for vegetation management cost**  
10 **recovery?**

11 **A.** Yes. As I discussed above, the Company's vegetation management activities have been  
12 critical for maintaining the reliability and resiliency of the electric distribution system. In  
13 order to continue to deliver the critical reliability and resiliency benefits produced by  
14 vegetation management activities, the Company is proposing a vegetation management  
15 program rate reconciling mechanism to recover the actual costs of scheduled maintenance  
16 trimming, ETT, hazard tree removals, and full-width right of way clearing. Under this  
17 proposal, the Company's costs for these vegetation management activities will be  
18 recovered through base rates, with actual amounts above or below the amount in base rates  
19 being reconciled as part of the Company's proposed Distribution Rate Adjustment  
20 Mechanism ("DRAM"), which is described in the joint testimony of Mr. Chung and Mr.  
21 Dixon. During the year, PSNH will track its actual costs of these initiatives and, similar to

1 the other New Hampshire electric utilities, the Company will reconcile the prior calendar  
2 year's actual vegetation-management program costs to the amount in base distribution  
3 rates. The Company's vegetation management program is presented in the testimony of  
4 Mr. Allen, and the reconciliation mechanism is presented in the testimony of Mr. Chung  
5 and Mr. Dixon.

6 ***D. Fee Free Proposal***

7 **Q. Does the Company's rate filing include an important customer service initiative to**  
8 **meet a growing demand by customers for additional payment options?**

9 **A.** Yes. In this rate filing, the Company is presenting a meaningful and necessary step forward  
10 to accommodate changing customer expectations and preferences regarding their payment  
11 options for electric service. Specifically, the Company is proposing to implement a "fee  
12 free" credit/debit card payment system that will allow residential customers to pay their  
13 bills electronically without a transaction fee.

14 Electronic payments are widely accepted for purchases without transaction fees across  
15 almost all industries. More and more customers prefer to make payments by credit and  
16 debit card because this is the convenience that they enjoy in virtually all other transactions  
17 that they are conducting. Customers are indicating a high level of dissatisfaction with the  
18 requirement for payment of a fee for the "convenience" of using a credit/debit card where  
19 use of these electronic means is prevalent throughout the digital marketplace without a fee.  
20 Accordingly, the Company has developed a proposal to make the transition to a payment  
21 structure that is better aligned with customers' needs and expectations for their utility



1 service. The Company's fee free proposal is discussed in more detail in the testimony of  
2 Ms. Conner.

3 ***E. New Start Arrearage Forgiveness Program***

4 **Q. Does the Company's rate filing include an additional customer service related to**  
5 **customers struggling to pay their electric bills?**

6 A. Yes. In this rate filing, the Company is proposing an arrearage forgiveness program that  
7 provides payment assistance for qualifying residential customers struggling with past due  
8 utility bills. Eversource Energy's operating companies currently offer the New Start  
9 Arrearage Forgiveness Program to customers in Massachusetts and Connecticut. PSNH is  
10 proposing to extend the benefits of this program to New Hampshire customers. The  
11 concept of New Start is relatively straightforward—for every on-time monthly payment an  
12 enrolled customer makes to the Company, a portion of their past due balance will be  
13 forgiven. This program benefits participating customers because it helps them develop  
14 consistent bill payment habits and protects them from service disconnection. The  
15 Company's New Start Arrearage Forgiveness Program proposal is presented in the  
16 testimony of Ms. Conner.

17 **V. CONCLUSION**

18 **Q. Do you have any summary comments regarding the Company's proposals in this**  
19 **proceeding?**

20 A. The Company appreciates this opportunity to provide the Commission a comprehensive  
21 rate-case filing designed to meet the needs of customers and necessary revenue support for  
22 the Company, and to further the State of New Hampshire's energy policy goals. The

1 Company has devoted significant time and effort to developing and proposing this rate  
2 filing, which includes the forward-thinking GTEP to raise the condition of the Company's  
3 distribution system in the State of New Hampshire to a level that is necessary to meet the  
4 growing expectations of customers and the integration of a range of advanced energy  
5 solutions that achieve operational goals. Overall, the Company is proposing a revenue  
6 requirement and associated ratemaking mechanisms designed to provide a more adequate  
7 level of revenue to the Company to support its operations and the continued system  
8 investment in furtherance of its public service obligations.

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

10 A. Yes. On behalf of PSNH, I appreciate the Commission's consideration of the Company's  
11 proposals in this case.