

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF MARC E. LEMÉNAGER
REQUEST FOR RECOVERY OF STORM EXPENSES

Docket No. DE 18-058

1 **I. INTRODUCTION**

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

3 A. My name is Marc E. Leménager. My business address is 780 North Commercial Street,
4 Manchester, NH. I am employed by Eversource Energy Service Company as an Analyst for New
5 Hampshire Revenue Requirements and in that position I provide service to Public Service
6 Company of New Hampshire d/b/a Eversource Energy (“Eversource” or the “Company”).

7 **Q. Have you previously testified before the Commission?**

8 A. No, I have not.

9 **Q. Can you please briefly explain your educational and relevant professional experience?**

10 A. Certainly. I completed my undergraduate studies in 2010 from Southern New Hampshire
11 University while majoring in Economics and Finance. In 2014, I attained an MBA from Southern
12 New Hampshire University with a concentration in Quantitative Analysis. From 2012 to 2015, I
13 was employed at Bowers & Wilkins, a high-end loudspeaker and headphone company, as a
14 financial analyst. My responsibilities included preparing quarterly and annual financial reports,
15 reviewing contracts with our largest vendors (including Apple and Best Buy), managing the
16 company’s direct-to-consumer online store, and managing inventory levels across all U.S.
17 warehouses. Since 2015, I have been employed by Eversource in my current role as an Analyst in
18 the New Hampshire Revenue Requirements department. Additionally, since 2016 I have been
19 employed as an Adjunct Instructor at Southern New Hampshire University where I have taught
20 multiple Economics courses within the School of Business.

1 **Q. What are your current responsibilities?**

2 A. I am currently responsible for assisting in the coordination and implementation of revenue
3 requirements calculations for Eversource, as well as the filings associated with Eversource's
4 default Energy Service ("ES") rate, Stranded Cost Recovery Charge ("SCRC"), and Transmission
5 Cost Adjustment Mechanism ("TCAM").

6 **Q. What is the purpose of this filing?**

7 A. The purpose of this filing is to: (1) seek to recover the costs associated with seven prior pre-
8 staging and storm response events, that have already been audited by the Commission's Staff,
9 with funds contained in Eversource's Major Storm Cost Reserve mechanism ("Reserve" or
10 "MSCR"); (2) present information on the eight pre-staging and storm response events that
11 occurred between December 2013 and April 2016 (collectively, the "Storm Events") for review;
12 and (3) seek approval from the Commission for the identified costs from the Storm Events to be
13 recovered using funds contained in the MSCR. The Storm Events are all eligible for storm-fund
14 deferral treatment pursuant to the Reserve mechanism established in Docket No. DE 99-099 and
15 the prestaging criteria approved in Docket No. DE 12-320.

16 **Q. Is the Company proposing a rate to take effect as a result of this filing?**

17 A. No. The Company is not proposing a rate for effect as part of this filing. The Company is
18 requesting that the storm reserve funding account be transferred to the storm expense account to
19 offset the amounts identified in this filing.

20 **Q. Please define the requirements for a weather event to be applicable for recovery within the**
21 **MSCR.**

22 A. For all impending storms, Eversource receives an Energy Event Index ("EEI") from its outside
23 vendor, DTN (formerly Telvent). The EEI provides highly detailed weather forecasts by region
24 and zone for the Eversource service area. DTN's EEI forecast includes all relevant weather
25 metrics needed to determine the likely severity and location of an impending severe storm. The

1 EEI ranks the strength of the storm on a scale from 1 to 5, where 5 will be the most severe and
2 cause the most damage, and then applies a likelihood against the forecasted strength of the storm.
3 Pursuant to the criteria established in Docket No. DE 12-320, pre-staging costs can be recovered
4 through the MSCR if the weather event has a “high” (greater than 60% based on the forecast)
5 probability of reaching “Level 3” or stronger, according to the EEI. *See* Order No. 25,465
6 (February 26, 2013) in Docket No. DE 12-320 at 4. For non-prestaging events, once a storm has
7 hit, for a weather event to be considered a Major Storm eligible for recovery through the MSCR
8 certain criteria must be met. A Major Storm is defined as an event that results in either: a) 10%
9 or more of Eversource’s retail customers being without power in conjunction with more than 200
10 reported troubles; or b) more than 300 reported troubles during the event. *See* Order No. 25,465
11 at 1.

12 **Q. Can you please list the Storm Events which are the subject of this filing?**

13 A. In this filing, the Company is seeking approval to transfer funding from the major storm fund to
14 recover the costs of seven weather events which occurred between August 2011 and March 2013
15 and which have already been audited by the Commission and approved for cost recovery, but
16 have yet to be funded through the Reserve. These seven events are: (1) Major Storm Irene (2011);
17 (2) Major Storm October Snowstorm (2011); (3) Major Storm Sandy (2012); (4) December 27,
18 2012 Pre-Staging event; (5) February 8, 2013 Pre-Staging event; (6) February 27, 2013 Pre-
19 Staging event; and (7) March 19, 2013 Pre-Staging event.

20 Additionally, the Company is presenting information supporting the costs for eight storm and pre-
21 staging events that occurred from December 2013 through April 2016: (1) December 20, 2013
22 Pre-Staging Event; (2) March 12, 2014 Pre-Staging event; (3) November 26, 2014 Major Storm;
23 (4) December 9, 2014 Pre-Staging event; (5) January 4, 2015 Pre-Staging event; (6) January 26,
24 2015 Pre-Staging event; (7) February 15, 2015 Pre-Staging event; and (8) April 3, 2016 Pre-
25 Staging event (collectively, the “Storm Events”). The Storm Events have start dates as follows:

Storm	Start
12/20/13 Pre-Staging	12/20/2013
03/12/14 Pre-Staging	03/12/2014
11/26/14 Storm	11/26/2014
12/09/14 Pre-Staging	12/09/2014
01/04/15 Pre-Staging	01/04/2015
01/26/15 Pre-Staging	01/26/2015
02/15/15 Pre-Staging	02/15/2015
04/03/16 Pre-Staging	04/03/2016

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Q. Are there other storm and pre-staging events that have occurred but are not included in this filing?

A. Yes. There are other pre-staging and storm events that have occurred since April 2016, none of which are included in this filing. These weather events are in the process of having their cost schedules finalized and copies of their invoices compiled.

Q. Please provide a brief history of the Reserve and describe its evolution.

A. The Company is allowed to defer costs attributable to pre-staging and restoration efforts deriving from severe weather events that meet the criteria mentioned previously. Under the Docket No. DE 99-099 Settlement, Eversource established its MSCR, with annual funding of \$3.0 million, for the purpose of covering the incremental costs associated with severe weather events. Under the Docket No. DE 09-035 Settlement, Eversource was authorized to increase the funding level to \$3.5 million annually. Under Order No. 25,382 (June 27, 2012) in Docket No. DE 12-110, Eversource was authorized to increase the funding level to \$7.0 million annually. Order No. 25,465 in Docket No. DE 12-320 allowed pre-staging events that had a “high” probability of reaching “Level 3” according to the EEI to be eligible for recovery under the MSCR. Under Order No. 25,534 (June 27, 2013) in Docket No. DE 13-127, Eversource was authorized to increase the fund level to \$12.0 million annually, where it has remained since that time. The Company’s storm fund balance, including carrying charges at the stipulated rate of return, was approximately \$79.6 million as of December 31, 2017. The stipulated rate of return that the fund

1 balance earns is the same rate that is accruing on the storm costs.

2 **Q. How is this filing organized?**

3 A. This filing is organized to facilitate the efficient review of costs by the Commission and its Staff.
4 To achieve this objective, the Company has developed a spreadsheet analysis that organizes the
5 costs incurred for each storm into the following format: (1) summary of costs; (2) charges from
6 external contractors and other outside vendors; (3) procurement card charges; (4) incremental
7 storm related payroll costs, payroll related overheads and taxes, incremental vehicle and
8 employee expenses; and (5) material costs. Documentation and supporting backup analysis is
9 being made available to the Commission's Audit Staff.

10 Following this introduction is a review of each cost category. Section II also describes the review
11 process that is undertaken to analyze charges from outside vendors to ensure that costs are
12 accurate and reasonable. Section III reviews the operational considerations associated with the
13 storm costs incurred in the Storm Events.

14 **II. COST ANALYSIS AND DOCUMENTATION**

15 **Q. Please provide a cost summary of the seven events that have already been audited but have
16 yet to be recovered through the Reserve.**

17 A. A summary of the events that have already had their incremental costs audited by the Audit Staff
18 is shown in the table below.

Storm	Total Incremental Cost	Carrying Costs 12/31/17	Total Cost 12/31/17
Irene (2011)	\$ 6,781,491	\$ 2,476,769	\$ 9,258,260
October Snowstorm (2011)	\$ 15,426,775	\$ 5,306,431	\$ 20,733,207
Sandy (2012)	\$ 11,189,908	\$ 3,128,498	\$ 14,318,406
12/27/12 Pre-Staging	\$ 698,494	\$ 180,822	\$ 879,316
02/08/13 Pre-Staging	\$ 1,272,458	\$ 331,992	\$ 1,604,450
02/27/13 Pre-Staging	\$ 231,258	\$ 59,873	\$ 291,131
03/19/13 Pre-Staging	\$ 96,935	\$ 24,410	\$ 121,345
Total	\$ 35,697,320	\$ 11,508,795	\$ 47,206,115

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2 **Q. For the Storm Events, which have yet to be audited, please provide the total amount of**
3 **storm costs included in this filing related to the restoration of power.**

4 A. As illustrated in the table below, the Company incurred incremental, storm-related preparation
5 and response costs totaling approximately \$33.0 million in relation to the eight Storm Events
6 listed. These amounts do not include any costs capitalized within utility plant on the Company's
7 books nor the carrying charge associated with the costs incurred. Including the carrying charge
8 associated with the timing of each of these expenditures, the total cost including carrying charges
9 as of 12/31/17 is approximately \$38.4 million.

Storm	Total Incremental Cost	Carrying Costs 12/31/17	Total Cost 12/31/17
12/20/13 Pre-Staging	\$ 4,483,469	\$ 958,389	\$ 5,441,858
03/12/14 Pre-Staging	\$ 235,989	\$ 47,974	\$ 283,963
11/26/14 Storm	\$ 26,299,430	\$ 4,142,184	\$ 30,441,614
12/09/14 Pre-Staging	\$ 553,009	\$ 85,473	\$ 638,482
01/04/15 Pre-Staging	\$ 43,908	\$ 6,701	\$ 50,610
01/26/15 Pre-Staging	\$ 993,415	\$ 151,611	\$ 1,145,027
02/15/15 Pre-Staging	\$ 221,362	\$ 32,557	\$ 253,920
04/03/16 Pre-Staging	\$ 141,205	\$ 11,930	\$ 153,135
Total	\$ 32,971,787	\$ 5,436,821	\$ 38,408,608

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11 **Q. Are there any adjustments that need to be accounted for in the numbers above?**

12 A. Yes, there is one. The work order tied to the December 20, 2013 pre-staging event includes a
13 credit from an external contractor. That amount is already reflected in the amounts shown for the

1 December 20, 2013 pre-staging event.

2 **Q. Can you please clarify the total amount to be recovered through the MSCR for both sets of**
3 **weather events as of December 31, 2017?**

4 A. For the seven events that have already been approved for cost recovery through the MSCR, the
5 total cost is approximately \$47.2 million. For the eight Storm Events that are being requested for
6 Commission audit and subsequent approval of cost recovery through the MSCR, the total cost is
7 approximately \$38.4 million. The combined weather event total is approximately \$85.6 million.
8 As stated previously, the MSCR funding as of year-end was approximately \$79.6 million. With
9 the current MSCR funding rate, the approximately \$6.0 million in remaining costs will be offset
10 by June 2018.

11 **Q. Did the Company review the incremental storm expenses to ensure the amounts identified**
12 **are accurate and correctly attributable to each event?**

13 A. Yes. The Company undertook a thorough review of invoices and costs recorded to the
14 Company's system in relation to these events. In conducting that review, the Company carefully
15 examined the cost entries to confirm that the costs are incremental costs directly attributable to
16 the emergency response and not otherwise represented or recoverable in any other rate, charge or
17 tariff.

18 Moreover, all the costs presented for recovery in this filing were reasonably and necessarily
19 incurred to prepare for and respond to the Storm Events. The costs in this filing were incurred to
20 make the repairs necessary to address the damage caused by those severe weather events.

21 **Q. What is the Company's primary tool for accounting for storm-restoration costs?**

22 A. During the pre-storm planning process for a pending Emergency Response Plan ("ERP") event,
23 the Company establishes storm work orders within its financial system to capture costs as those
24 costs are incurred. All applicable costs are captured in the work order (and are outlined in the

1 attachments to this testimony). For example, as employees work on restoration efforts, all their
2 work hours are charged to the appropriate work order, which allows for the tracking of storm
3 costs. To capture emergent costs incurred by employees in fulfilling their storm duties, the
4 Company utilizes procurement cards. Emergent costs are low-dollar purchases during a storm
5 event. The purpose of these purchases is to acquire needed items that are not typically
6 maintained in inventory and are not capital items. Examples of these types of items include tape
7 and slings needed to make an area safe. Procurement cards allow employees to make immediate
8 purchases from vendors, while simultaneously providing management line-of-sight supervisory
9 ability to monitor charges and assess whether the charges are appropriate and includable for
10 storm-cost recovery. For an ERP event, corporate purchase cards are used to ensure that costs are
11 segregated and recorded directly to specific storm-related accounts on the Company's accounting
12 books and records. Receipts for all purchases are required for submission into the Company
13 system. The Company's systems also allow for supervision of the card use for all corporate
14 procurement cards.

15 **Q. Are capitalized storm costs excluded from this request for recovery?**

16 A. Yes. In a Major Storm event, capital costs are incurred in relation to the restoration and/or
17 replacement of distribution equipment damaged by the storm. Capital work occurs in two phases
18 of the storm: (1) during the initial phase of the storm, in the days immediately following the storm
19 when the Company is working to restore power to customers efficiently and safely; and (2)
20 during the non-emergency, post-storm restoration phase, which can last well after the event date,
21 as permanent repairs are made to replace temporary repairs made to restore power immediately
22 following the storm.

23 In general terms, work is considered capital under utility general accounting rules where a unit of
24 property is either replaced or newly installed. During the initial phase of the storm, there is a
25 significant level of activity occurring, all with a paramount focus on expeditious restoration.

1 Therefore, initially all material and labor is charged to the expense work order established for the
2 event to track costs for the storm event. After the storm, all material charges are reviewed and
3 any units of property are moved to a capital work order, along with the associated labor costs. As
4 a result, the costs submitted in this filing for recovery through rates are exclusive of any
5 capitalized costs incurred to make storm-related repairs. All capital costs are simply reflected
6 within utility plant subject to the ordinary distribution ratemaking process.

7 Here is the process for capitalizing materials used during a storm:

8 All restoration costs are initially accumulated in an expense work order specific to that event.
9 Once the costs have been collected in the work order, the material issued or charged to the storm
10 expense work order is reviewed to identify capital units of property (retirement units). Based
11 upon the units of property identified, an estimate is developed of the work performed during a
12 storm that should be capitalized. This estimating process utilizes information from the company's
13 work management system, such as man-hour estimates, to develop the installed cost associated
14 with the replacement of capital units of property during the storm restoration. The installed cost
15 of the capital units of property is estimated at a high level (labor, vehicles, material, overheads),
16 but not at a transaction level. Once the capitalized costs are determined, they are transferred from
17 the storm expense work order to a separate capital work order and ultimately closed to the
18 appropriate plan accounts. This process has been used by Eversource for many years to capitalize
19 material costs during a Major Storm event as it would be burdensome to charge each capital item
20 to a unique work order as is the case when work is performed in a non-storm restoration situation.

21 **Q. Would you please provide an overview the costs that are included for review in this filing,**
22 **by cost category?**

23 A. Yes. The Company has organized the costs relating to each storm event into four categories.
24 These categories are: (1) charges from external contractors and other outside vendors; (2)

1 procurement card and other logistical charges; (3) incremental storm related payroll costs, payroll
2 related overheads and taxes, incremental vehicle and employee expenses; and (4) materials costs.
3 Documentation and/or analyses are provided for each of these categories. Below, each one of
4 these four categories is discussed to provide an explanation of each category.

5 **Q. The first cost category is external contractors and outside vendors. Would you please**
6 **explain what types of costs are included in the category?**

7 A. Yes. This first category encompasses any external product or service required by the Company to
8 prepare for and execute the restoration effort. The total costs incurred in this category for the
9 Storm Events are approximately \$21.2 million, as shown below.

Storm	External Contractors & Outside Vendors
12/20/13 Pre-Staging	\$ 2,112,300
03/12/14 Pre-Staging	\$ 135,021
11/26/14 Storm	\$ 17,559,502
12/09/14 Pre-Staging	\$ 492,720
01/04/15 Pre-Staging	\$ 142
01/26/15 Pre-Staging	\$ 831,632
02/15/15 Pre-Staging	\$ 91,826
04/03/16 Pre-Staging	\$ 22,479
Total	<u>\$ 21,245,622</u>

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11 **Q. What are the types of costs that are incurred relating to external contractors and outside**
12 **vendors?**

13 A. The costs billed to Eversource in this category are costs incurred in relation to external
14 contractors and outside vendors providing services in three primary classifications: (1) overhead
15 line crews; (2) vegetation-management services; and (3) other invoiced costs, such as
16 environmental, communications, police detail, transportation, professional logistics, and food and
17 lodging expenses.

18

1 **Q. Would you explain what types of costs are incurred in relation to overhead line crews and**
2 **vegetation management services?**

3 A. Yes. Costs incurred in the classification of overhead line crews are for repair crews called in to
4 work on the overhead system to restore power to customers. Within this category, there are two
5 types of resources: (1) professional line contractors engaged to work on the Eversource system
6 during severe weather emergency periods; and (2) mutual aid line crews obtained from other
7 electric utilities, including Eversource's affiliated companies in other states.

8 Costs incurred in the classification of vegetation management are for the crews that are
9 responsible for the safe removal of trees, branches, and other like debris that has created outages
10 along Eversource's system. These resources are professional contractors engaged to work on the
11 Eversource system during severe weather emergency periods.

12 **Q. How are the rates for these three types of crews established?**

13 A. The rates paid to contractors who work on the Eversource system during non-emergency periods
14 are established through a negotiated purchase order process, which defines the rate structure. The
15 rates for external contract crews hired for the exclusive purpose of the storm are also established
16 through the negotiated purchase order process. The rates for mutual aid crews are established
17 through the Edison Electric Institute's Governing Principles Covering Emergency Assistance
18 Arrangements Between Edison Electric Institute Member Companies. The principle of mutual
19 aid is that a utility is compensated based on its cost to provide services to another sister utility.

20 **Q. What is the internal review process that is followed to verify that invoiced costs from**
21 **external contractors and outside vendors are correct?**

22 A. The Resource Acquisition Section is comprised of individuals who are responsible for the
23 procurement of contractor resources. The Resource Acquisition Section works in partnership

1 with the Logistics Section and the Company's Procurement Department to secure contractors at
2 the direction of the Incident Commander and Electric Operations Section Chief, with input from
3 the other ERP section chiefs, as appropriate. As part of the procurement process, rates and
4 mobilization/demobilization procedures are negotiated and agreed to with the vendor. In
5 addition, throughout the event, Eversource supervisors are specifically assigned to the external
6 crews to oversee the work of external resources. Each day, the contractors prepare timesheets,
7 which are verified and signed off by the designated Eversource supervisor to ensure that the
8 indicated work hours are accurate. The Company's Resource on Demand system is also used to
9 track and validate contractor work time.

10 After the event, each contractor hired by Eversource to perform storm-related services renders
11 invoice(s) related to those services. The invoice detail is initially reviewed by Eversource clerical
12 personnel, who is responsible for verifying that accurate (contract) rates are charged for each job
13 classification based on the rates negotiated. The clerical employee also verifies the mathematical
14 accuracy of the calculations on the bill, as well as whether the hours on the invoice align with the
15 hours reported to the Company (or recorded by the Company) during the event. After this initial
16 review, the invoices are further reviewed by an Eversource supervisor prior to approval of the
17 invoice.

18 During the review of these invoices, if discrepancies are identified or additional information is
19 needed, Eversource personnel contact the vendor and, if adequate supporting documentation is
20 not available, invoice charges are rejected in part or in total, as appropriate. In addition, if
21 discrepancies are identified that resulted in over or under charging, Eversource works with the
22 vendors to reconcile and pay the appropriate amount due.

1 **Q. The second category is procurement card and other logistical charges. How are these costs**
2 **compiled?**

3 A. The costs incurred in this category are approximately \$1.2 million, as shown below.

Storm	Procurement Card & Other Logistical Charges
12/20/13 Pre-Staging	\$ 209,312
03/12/14 Pre-Staging	\$ 6,655
11/26/14 Storm	\$ 924,840
12/09/14 Pre-Staging	\$ 9,332
01/04/15 Pre-Staging	\$ 3,440
01/26/15 Pre-Staging	\$ 35,388
02/15/15 Pre-Staging	\$ 4,860
04/03/16 Pre-Staging	\$ 3,404
Total	\$ 1,197,231

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5 A large portion of these costs relate to lodging and meals for external contractors working on the
6 system. The Company also provides meals and lodging for internal crews and support staff who
7 may have to travel some distance from home or work extended hours to perform restoration work
8 within the Eversource service territory.

9 **Q. How are lodging and meals procured and tracked?**

10 A. The Logistics Section of the ERP team is responsible for arranging lodging for internal and
11 external personnel. In advance of a storm event, the Logistics team coordinates with hotels
12 across the system to validate the availability of rooms depending on the size of the event. As
13 rooms are needed, the hotels with sufficient availability in the areas where contractor resources
14 will be assigned are called to book lodging. All invoices associated with meals and lodging are
15 reviewed by the Logistics Section and signed off by the manager in charge of the group to assure
16 that the Company only pays for lodging and not for un-related room charges.

17 In most cases, lodging arrangements are paid for via a procurement card. All cardholders are
18 responsible for the charges on their procurement card and are required to provide receipts along

1 with the associated statements to their managers for final review and approval. Procurement
2 cards are also utilized to pay for meals or food brought into the service centers for those
3 employees working there. The Logistics Section coordinates the meal arrangements at the
4 various service centers. Meals and water as needed are also purchased by individuals who have
5 their own designated procurement cards.

6 **Q. The third category is incremental storm related payroll costs, payroll related overheads and**
7 **taxes, incremental vehicle and employee expenses. How have costs been compiled for this**
8 **category?**

9 A. The costs incurred for direct, internal payroll are approximately \$7.0 million, as shown below:

Storm	Storm-related Payroll
12/20/13 Pre-Staging	\$ 1,382,542
03/12/14 Pre-Staging	\$ 75,527
11/26/14 Storm	\$ 5,171,564
12/09/14 Pre-Staging	\$ 40,353
01/04/15 Pre-Staging	\$ 35,698
01/26/15 Pre-Staging	\$ 100,851
02/15/15 Pre-Staging	\$ 106,314
04/03/16 Pre-Staging	\$ 102,735
Total	\$ 7,015,584

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11 The payroll category includes the incremental labor costs for union and non-union personnel.
12 Employees are required to account for each hour worked every day. Employees in the field with
13 a designated timekeeper fill out a paper timesheet with their hours worked. The timesheet is
14 reviewed and approved by the employee's supervisor and entered into Eversource's time and
15 attendance system by a clerical employee in the office. Employees with access to Eversource's
16 time and attendance system enter their own time directly and supervisors review and approve
17 payroll in that system.

18 For the union personnel discussed above, the actual costs related to their worked hours is based

1 on the applicable collective-bargaining agreement(s), if applicable.

2 Exempt employee time is captured and tracked in the same storm account. Since exempt
3 employees are not routinely paid for overtime, this time entry is for tracking purposes only.
4 During the most severe weather events, exempt employees are required to work an extensive
5 number of hours over their typical work week. In certain cases, because of the extent of the hours
6 worked, employees at the level of manager and below are awarded fixed compensation. The
7 11/26/14 Storm contains compensation awards for exempt employees who worked extended
8 hours in support of the restoration process.

9 The Company includes payroll-related overheads for affiliates in the total storm costs. The costs
10 incurred for payroll-related overheads and taxes are approximately \$2.3 million, as shown below.

Storm	Payroll-related Overheads and Taxes
12/20/13 Pre-Staging	\$ 625,246
03/12/14 Pre-Staging	\$ 3,942
11/26/14 Storm	\$ 1,680,470
12/09/14 Pre-Staging	\$ 1,921
01/04/15 Pre-Staging	\$ -
01/26/15 Pre-Staging	\$ 464
02/15/15 Pre-Staging	\$ -
04/03/16 Pre-Staging	\$ 85
Total	\$ 2,312,128

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12 The payroll-related overheads and taxes for affiliates would not have been incurred by
13 Eversource except for the need to conduct the storm-response effort.

14 **Q. Has the Company removed overtime costs associated with storm-related capital work?**

15 A. Yes. As mentioned above, the Company uses a capitalization process that estimates the costs for
16 labor, vehicles and overheads associated with the capital units of property installed and removed
17 during a restoration event. Factored into that estimation is an assumption that all work is

1 performed under adverse weather conditions and on overtime. Therefore, overtime is removed
2 from the storm costs when labor costs are transferred from the expense work order to the capital
3 work order.

4 **Q. Please quantify and explain the costs incurred due to vehicles.**

5 A. Vehicle costs are incurred when a Company vehicle is needed to perform restoration work or, in
6 the case of pre-staging, be deployed in advance of the anticipated weather to be ready to respond
7 to the most affected areas as they emerge. The costs incurred for use of vehicles during the
8 restoration work are approximately \$0.66 million, as shown below:

Storm	Vehicle Expenses
12/20/13 Pre-Staging	\$ 128,258
03/12/14 Pre-Staging	\$ 11,930
11/26/14 Storm	\$ 465,339
12/09/14 Pre-Staging	\$ 6,761
01/04/15 Pre-Staging	\$ 3,767
01/26/15 Pre-Staging	\$ 18,030
02/15/15 Pre-Staging	\$ 17,489
04/03/16 Pre-Staging	\$ 10,987
Total	\$ 662,561

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10 **Q. What other support costs are incurred during an event?**

11 A. Other costs may be incurred during an event and are eligible for reimbursement, such as meals
12 and mileage for those employees that are working the storm event that may not have a
13 procurement card. The costs incurred for other support costs are approximately \$0.17 million, as
14 shown below:

Storm	Other Employee Expenses
12/20/13 Pre-Staging	\$ 25,812
03/12/14 Pre-Staging	\$ 2,913
11/26/14 Storm	\$ 126,824
12/09/14 Pre-Staging	\$ 1,922
01/04/15 Pre-Staging	\$ 861
01/26/15 Pre-Staging	\$ 7,049
02/15/15 Pre-Staging	\$ 874
04/03/16 Pre-Staging	\$ 1,516
Total	\$ 167,771

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2 **Q. The fourth category is materials. How are costs compiled for this category?**

3 A. The costs incurred for materials are approximately \$0.37 million, per the table below.

Storm	Itemization of Materials
12/20/13 Pre-Staging	\$ -
03/12/14 Pre-Staging	\$ -
11/26/14 Storm	\$ 370,891
12/09/14 Pre-Staging	\$ -
01/04/15 Pre-Staging	\$ -
01/26/15 Pre-Staging	\$ -
02/15/15 Pre-Staging	\$ -
04/03/16 Pre-Staging	\$ -
Total	\$ 370,891

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5 The Materials category represents the incremental costs associated with the materials used to
6 restore power and repair storm damage. Typically, these are small items like tape, nuts and bolts,
7 and short sections of wire, safety and protective equipment. Also included in these amounts are
8 store and lobby stock items purchased during a storm event.

1 **III. STORM PREPAREDNESS, RESPONSE AND RESTORATION**

2 **Q. Were the costs presented in this filing for recovery reasonably and prudently incurred to**
3 **restore power to customers following the Storm Events?**

4 A. Yes. All of the costs that the Company has presented in this filing were incurred as part of the
5 Company's efforts to prepare for and respond to the storm conditions caused by the Storm
6 Events. As previously mentioned, each of these events met or exceeded the threshold required to
7 be recoverable via Eversource's MSCR. Significant resources were needed to prepare for the
8 Storm Events and to restore power in a reasonable timeframe. The actions taken by Eversource to
9 prepare for and respond to the weather events already audited by Commission Staff and the Storm
10 Events were appropriate and effective, and resulted in the restoration of power in a reasonably
11 prompt manner. Therefore, the costs that were incurred to achieve these results are eligible for
12 recovery through the Company's MSCR.

13 **Q. Does this complete your testimony?**

14 A. Yes, it does.