

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

**DOCKET NO. DE 19-057**

IN THE MATTER OF:      **PUBLIC SERVICE COMPANY OF NEW  
HAMPSHIRE, D/B/A EVERSOURCE ENERGY**

**Notice of Intent to File Rate Schedules**

DIRECT TESTIMONY

OF

**AMANDA NOONAN**

DIRECTOR OF CONSUMER SERVICES AND EXTERNAL AFFAIRS  
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DECEMBER 20, 2019

1 **INTRODUCTION**

2 **Q. Please state your full name?**

3 A. Amanda Noonan

4 **Q. By whom are you employed and what is your business address?**

5 A. I am employed as the Director of Consumer Services and External Affairs by the New  
6 Hampshire Public Utilities Commission (Commission). My business address is 21 South  
7 Fruit Street, Suite 10, Concord, NH 03301.

8 **Q. Please summarize your education and professional work experience.**

9 A. I have been employed with the Commission since January 1992. During that time, I have  
10 worked in the Engineering Division, the Electric Utility Restructuring Division and the  
11 Consumer Services and External Affairs Division. I have been Director of Consumer  
12 Services and External Affairs since December 2015. Prior to that, I was Director of the  
13 Consumers Affairs Division for 18 years. I am member of the NARUC Staff Subcommittee  
14 on Consumer Affairs and the NECPUC Staff Committee on Consumer Affairs. Prior to  
15 joining the Commission, I was employed by Bank East Corporation for six years where I  
16 was responsible for the design and development of corporate training programs relating to  
17 management and customer service as well as bank operations. I have a B.S. in Business  
18 Administration from the University of New Hampshire Whittemore School of Business and  
19 Economics.

20 **Q. What is the purpose of your testimony in this proceeding?**

21 A. The purpose of my testimony is to address two customer service proposals included in the  
22 Eversource filing. I will also address two areas where the Company has proposed tariff  
23 changes. The first customer service proposal is the “fee free” credit/debit card payment

1 system that is intended to allow residential customers to pay their bills electronically  
2 without a transaction fee. The second is the New Start arrearage forgiveness proposal for  
3 eligible residential limited-income customers. My testimony will address the  
4 appropriateness of these proposals for consumers in New Hampshire and suggest certain  
5 modifications to better serve the needs of New Hampshire customers. The proposed tariff  
6 changes include allowing default service customers to block incoming enrollments from  
7 competitive suppliers, and modifications to the supplier terms and conditions section of the  
8 Eversource tariff.

9 **Q. Please summarize your conclusions.**

10 A. I generally support adoption of the fee free credit/debit card program as it provides  
11 consumers with another option for payment. I recommend, however, that the program not be  
12 limited to non-recurring payments. Both customers choosing to make payments by  
13 credit/debit card each month as well as those customers who schedule regular, recurring  
14 payments by credit/debit card should be afforded the fee free benefit. I further recommend  
15 that the program include monitoring and reporting as described later in my testimony.  
16 In regard to the NewStart arrearage management proposal, I support implementation of this  
17 program with the addition of certain eligibility criteria, program parameters and reporting  
18 requirements as detailed in my testimony.  
19 I do not support the tariff provision that allows customers to block incoming enrollment from  
20 competitive suppliers as it is not necessary in New Hampshire and may have potential  
21 unfavorable impacts on the competitive energy market.  
22 Finally, I recommend the proposed changes to the Eversource tariff reflected on pages 31 to  
23 40 of the Testimony of Edward A. Davis, Att. EAD-2 be rejected and deferred for review as

1 part of a generic investigation into services made available by electric distribution companies  
2 to competitive electric power suppliers, and the terms and conditions associated with those  
3 services.

4 **FEE FREE CREDIT AND DEBIT CARD PROPOSAL**

5 **Q. Do you generally support adoption of the Company's "fee free" proposal for credit and**  
6 **debit card users?**

7 A. Yes. The fee free proposal for credit and debit cards provides residential customers with  
8 another payment channel, which represents the latest in the evolution of options for how  
9 customers pay their bills. As noted in the Company's response to Staff 9-31 (Attachment  
10 AON-1), there are on-going changes in customer payment patterns, with fewer customers  
11 paying with a check by mail or making payments at walk-in offices and a greater portion of  
12 customers using autopay from bank accounts and on-line options, including credit and debit  
13 cards. The fee free proposal supports the payment options consumers are electing to use and  
14 has the potential to facilitate timely payments by a greater number of customers.

15 **Q. What modifications would you recommend to the Company's proposal?**

16 A. Based on discussions at the technical sessions, I understand that Eversource's fee free  
17 proposal would only apply to non-recurring payments. Thus, customers who schedule  
18 monthly payments by credit or debit card would not be included in the fee free arrangement.  
19 I would recommend this limitation be eliminated to allow all residential customers who  
20 make payments by credit or debit card, whether recurring or non-recurring, to do so without  
21 an additional transaction charge. I see no need to distinguish between customers who use a  
22 credit/debit card on a non-recurring basis and those who schedule a regular monthly

1 payment, and no rationale for, in essence, penalizing customers who schedule their  
2 automatic payments using a credit or debit card.

3 **Q. Do you have any other recommendations regarding the “fee free” program?**

4 A. Yes. I would recommend that Eversource be required to report to the Commission Staff  
5 annually on the fee free program, using a reporting mechanism similar to that required for  
6 Eversource’s Connecticut affiliate, CL&P. See attachment AON-2. By March 1 of each  
7 year, Eversource should file a report including the following data for the previous calendar  
8 year:

- 9 i) number of credit/debit card payments;
- 10 ii) costs associated with the credit/debit card payments;
- 11 iii) number of days between issuance of the bills and receipt of payment;
- 12 iv) number of credit/debit cards payments made by financially challenged/hardship  
13 customers;
- 14 v) annual amount of uncollectibles; and
- 15 vi) such other information as the Commission may deem appropriate to be included.

16 The first such report submitted by Eversource shall also include the number of credit/debit  
17 card payments during the 12 month period prior to implementing the fee free program and  
18 the amount of uncollectibles for the same 12 month period. Doing so will provide the  
19 Commission with baseline information when evaluating the fee free credit/debit program.

20 **NEWSTART ARREARAGE FORGIVENESS PROGRAM**

21 **Q. What is your view of the Company’s proposal for the NewStart arrearage management**  
22 **program?**

1 A. I generally support adoption in New Hampshire of the NewStart program which forgives a  
2 portion of a customer's past due balance for every on-time monthly payment an enrolled  
3 customer makes to the Company. In addition to the customer benefits noted by the  
4 Company – development of consistent bill payment habits, protection from service  
5 disconnections and providing customer with a fresh start – the program also provides the  
6 opportunity for a variety of other benefits. These include the enhancement of  
7 communications between customers, social service agencies and the utility and other non-  
8 utility benefits that are difficult to measure such as the impact on customers' safety, health,  
9 and nutrition. The program should also reduce the utility's costs for collections, field visits,  
10 disconnections, reconnections, lead lag, carrying costs and uncollectibles. In order to ensure  
11 a program that meets customer needs in New Hampshire, I am recommending a number of  
12 modifications to the eligibility criteria and program parameters. In order to effectively track  
13 the multiple impacts of the program, I am also recommending the development of program  
14 metrics and reporting requirements that will capture the effect of the program on customers  
15 and the Company's costs including costs associated with disconnections, reconnections, lead  
16 lag and uncollectibles.

17 **Q. What changes to the eligibility criteria and program parameters are you**  
18 **recommending?**

19 A. I recommend a number of changes to the eligibility criteria and program parameters to more  
20 effectively align the NewStart program with the needs of New Hampshire customers. These  
21 include:

- 22 i) The program should be made available to any account coded financial hardship;

- 1           ii)    Customers with past due balances greater than \$300 and greater than sixty (60)
- 2                   days past due should be eligible for the program;
- 3           iii)   If a customer misses payments after enrollment, the missed payments must be
- 4                   made up to continue enrollment;
- 5           iv)    New enrollments can occur 12 months after being dropped from the program;
- 6           v)    New enrollments can occur 12 months after successful completion of the program
- 7                   for customers with no remaining past due balance upon completion;
- 8           vi)    Customers who successfully complete the program, and who still have a
- 9                   remaining past due balance, may re-enroll immediately and will not be subject to
- 10                  the 12-month waiting period before a new enrollment
- 11          vii)   Following successful completion of the program, customers will be automatically
- 12                  enrolled in a budget payment plan; and
- 13          viii)   The annual cap on the forgiveness amount should be \$12,000.

14   **Q. What is the reason for allowing customers with a remaining unpaid balance after**  
15   **completion of the program to re-enroll rather than be subject to a 12-month waiting**  
16   **period prior to re-enrollment?**

17   A. I think we must recognize that customers who come into the program with an unpaid balance  
18   greater than the \$12,000 annual cap face a significant challenge in repaying those balances.  
19   To the extent such customers successfully participate in the program, paying their current bill  
20   on time and in full for 12 months, I recommend that these customers be granted the  
21   opportunity to re-enroll immediately rather than being subject to the one year waiting period.

1 **Q. Do the changes to the eligibility criteria and program parameters, when considered**  
2 **with the Company's proposal, encompass all program implementation considerations**  
3 **for NewStart?**

4 A. No, it is not a comprehensive list. Among other things, consideration will need to be given to  
5 whether, and how, customers who have been disconnected can enroll in the NewStart  
6 program and how payments made by a social service agency on behalf of a customer are  
7 counted for purposes of applying the arrearage forgiveness credit.

8 Rather than attempt to identify the various scenarios that may be encountered and the  
9 treatment for each, I recommend the Commission establish a stakeholder group, consisting of  
10 the Company, Staff, and representatives from other interested parties in this proceeding, to  
11 develop a comprehensive program design for the NewStart arrearage management program.

12 I further recommend the stakeholder group provide a report to the Commission within 120  
13 days of the final order in this proceeding, and the NewStart arrearage management program  
14 be implemented on January 1, 2021.

15 **Q. What program metrics should be included to monitor the effectiveness of the program**  
16 **and the impact on the Company's costs?**

17 A. The Company should submit a plan and format for annual reporting on the NewStart  
18 Program for review and approval by the Staff within 90 days of the Commission's final  
19 order in this proceeding. The plan should provide for the collection and reporting of data  
20 prior to the start of the program in order to provide a baseline for comparison in subsequent  
21 years. The plan should address how the Company will measure and report on program  
22 performance each year and include, at a minimum, the following:

- 23 i) Number of customer accounts coded financial hardship.



- ii) Number of customers enrolled in the program.
- iii) Number of customers who successfully completed the program.
- iv) Number of customers dropped from the program.
- v) Number of customers who re-enroll in the program after being dropped and length of time before re-enrollment.
- vi) Number of customers who re-enroll in the program after successful completion and length of time before re-enrollment.
- vii) Number of customers who remain on budget plan after automatic enrollment upon completion and for how long.
- viii) Total dollar amount of arrearages forgiven.
- ix) Average dollar amount per participating customer of arrearages forgiven.
- x) Comparison of disconnections before and after program start.
- xi) Comparison of lead-lag before and after program start.
- xii) Comparison of bills behind for hardship customers before and after program start.
- xiii) Quantification of impact of program on field visits and customer service.
- xiv) Quantification of impact of program on re-connections.
- xv) Quantification of impact of program on uncollectibles.

**Q. What is Staff's position on the Company's proposal (Chung/Dixon Testimony pp. 115-116) to recover costs associated with the NewStart program through the Distribution Rate Adjustment Mechanism (DRAM)?**

A. As explained in the testimony of Richard Chagnon, Staff does not support inclusion of the past due balances forgiven and the NewStart program implementation costs in the DRAM. Eversource has experience with implementing NewStart in other jurisdictions and is in the

best position to estimate both the costs and savings associated with the program. As further described in Mr. Chagnon's testimony, the estimated past due balances forgiven and the implementation cost should be included in the Company's request for a base rate adjustment.

**PROPOSED TARIFF CHANGES**

**Q. What is your view on the Company's proposed tariff change (Davis testimony, Att. EAD-2, page 12) that would allow default energy service customers to block incoming enrollments from competitive suppliers?**

A. I understand the Company's proposed tariff change is based on a similar tariff provision in Connecticut and Massachusetts, and, that in those jurisdictions, the company is required to provide competitive suppliers with information regarding default service customers. That is not the case in New Hampshire. Accordingly, I do not believe this tariff provision is necessary in New Hampshire. I am also concerned about the potential impact of this 'block' option on the competitive market. If such a tariff provision were to be approved in New Hampshire, the 'block' option should be available to all customers, not just to default customers.

**Q. What is your view on the Company's proposed tariff changes (Davis testimony, Att. EAD-2, pages 31 to 40) relative to services that would no longer be available to energy service providers or are being modified in some way by the proposed tariff language?**

A. The changes proposed by Eversource appear to limit services available to energy service providers and may have unintended impacts on the competitive market. I recommend the Commission reject the proposed changes and instead instruct Eversource to file its proposed changes for consideration in a generic investigation, to include energy service providers and

1 all electric utilities in the state, to review the proposed changes and their impact, in any, on  
2 energy service providers and the competitive market. In addition to considering the impact  
3 of these changes on energy suppliers, the Commission must also consider the effect, if any,  
4 of the proposed changes on its grid modernization initiatives.

5 **Q. Does that conclude your testimony?**

6 A. Yes.

**Public Service of New Hampshire d/b/a Eversource Energy**  
**Docket No. DE 19-057**

**Date Request Received: 08/13/2019**

**Date of Response: 08/27/2019**

**Request No. STAFF 9-031**

**Page 1 of 1**

**Request from: New Hampshire Public Utilities Commission Staff**

**Witness: Penelope Conner**

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**Request:**

Reference Testimony of Penelope McLean Connor. For 2014, 2015, 2016, 2017, 2018 and 2019, please provide both the number and percentage of payments received from PSNH customers via the following payment channels: mail, online, auto debit, credit/debit card, payment agents, other.

**Response:**

Please see Attachment Staff 9-031 for the requested information.

As shown in Attachment Staff 9-031, changes in customer payment patterns are taking place. For example, over the six-year period, 2014 through 2019, mail-in payments have declined from 39% of total transactions to 29% of the total. Similarly, use of walk-in payment has declined from approximately 4% of the total to two-tenths of a percent. On-line check payments from the customer's bank are virtually the same at 20% of the total; however online checks through Eversource have increased from approximately 35% of the total transactions to 47%. Credit and debit card payments have increased from approximately 2.5% to 3.5% over the same time period, which is a relatively small change given widespread adoption of mobile applications for purchase of a variety of services over that time period.

Payment Channel	2014		2015		2016		2017		2018		2019 ***	
	Volume	Percentage	Volume	Percentage	Volume	Percentage	Volume	Percentage	Volume	Percentage	Volume	Percentage
Mail	2,081,143	38.78%	1,960,887	36.72%	1,831,683	33.51%	1,762,481	31.53%	1,689,063	30.53%	952,828	29.32%
Online Check - Customer Bank	1,075,004	20.03%	1,082,541	20.27%	1,097,373	20.07%	1,122,879	20.09%	1,146,043	20.71%	661,176	20.35%
Online Check - Eversource.com	1,874,578	34.93%	1,990,036	37.26%	2,233,459	40.86%	2,427,475	43.42%	2,503,101	45.24%	1,520,088	46.78%
Debit/Credit Card	132,246	2.46%	127,308	2.38%	134,509	2.46%	130,295	2.33%	173,000	3.13%	109,800	3.38%
Walk-In	203,495	3.79%	179,885	3.37%	169,617	3.10%	147,307	2.63%	21,230	0.38%	5,591	0.17%
Total	5,366,466		5,340,657		5,466,641		5,590,437		5,532,437		3,249,483	

\*\*\* Data is through July 2019.

**Public Service of New Hampshire d/b/a Eversource Energy**  
**Docket No. DE 19-057**

**Date Request Received: 10/28/2019**

**Date of Response: 11/14/2019**

**Request No. TS 2-001**

**Page 1 of 1**

**Request from: New Hampshire Public Utilities Commission Staff**

**Witness: Penelope Conner**

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**Request:**

Please describe the specific monitoring activities and metrics pertaining to the Company's affiliates' fee free offerings in Connecticut. Provide a copy of the relevant section of the Connecticut settlement agreement.

**Response:**

The monitoring activities and metrics pertaining to the fee free offering of the Company's Connecticut affiliate, CL&P, are outlined below:

CL&P is required to file an annual compliance filing in its latest rate case docket each March 1<sup>st</sup> that includes the following data for the immediately preceding calendar year:

- (i) the number of credit/debit card payments,
- (ii) costs associated with the credit/debit card payments,
- (iii) monitoring how quickly payments are being received from the date a bill is issued,
- (iv) number of credit card payments made by financially challenged/hardship customers
- (v) annual amount of uncollectibles, and
- (vi) qualitative improvements in customer satisfaction with this option.

In its first annual compliance filing, CL&P was also required to file data relating to (i) through (vi), above, for the Test Year in its rate case (which was calendar year 2016) and calendar year 2017.

Attachment TS 2-001 provides the amended Settlement Agreement from the 2017 CL&P rate case, in which Section 3, pages 2-3, allow Fee Free to be extended to residential customers. Section 3(c), pages 2-3, lists the metrics and monitoring CL&P must report on annually to the Public Utilities Regulatory Authority for the Fee Free program.

**STATE OF CONNECTICUT  
PUBLIC UTILITIES REGULATORY AUTHORITY**

<b>APPLICATION OF THE</b>	<b>:</b>	<b>DOCKET NO. 17-10-46</b>
<b>CONNECTICUT LIGHT AND</b>	<b>:</b>	
<b>POWER COMPANY D/B/A</b>	<b>:</b>	
<b>EVERSOURCE ENERGY TO</b>	<b>:</b>	
<b>AMEND ITS RATE SCHEDULES</b>	<b>:</b>	
	<b>:</b>	<b>MARCH 23, 2018</b>

**AMENDMENT ONE TO SETTLEMENT AGREEMENT**

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**STATE OF CONNECTICUT**

**PUBLIC UTILITIES REGULATORY AUTHORITY**

**APPLICATION OF THE** : **DOCKET NO. 17-10-46**  
**CONNECTICUT LIGHT AND** :  
**POWER COMPANY D/B/A** :  
**EVERSOURCE ENERGY TO** :  
**AMEND ITS RATE SCHEDULES** : **MARCH 23, 2018**

**AMENDMENT ONE TO THE SETTLEMENT AGREEMENT**

The Connecticut Light and Power Company d/b/a Eversource Energy (“CL&P” or the “Company”), the Office of Consumer Counsel (“OCC”) and the Prosecutorial Staff of the Public Utilities Regulatory Authority (“PRO”) (collectively, the “Settling Parties”) enter into this Amendment One to the Settlement Agreement regarding the Company’s November 22, 2017 application (“Application”) filed with the Public Utilities Regulatory Authority (“PURA” or the “Authority”) pursuant to Conn. Gen. Stat. §§ 16-19 and 16-19e.

WHEREAS, on January 11, 2018, the Settling Parties filed a settlement agreement in this Docket (the “Settlement Agreement”); and

WHEREAS, on March 19, 2018, PURA issued a Proposed Interim Decision in this Docket (the “Interim Decision”) directing the Settling Parties to address the issues set forth therein; and

WHEREAS, the Settling Parties have entered into this Amendment One to the Settlement Agreement (the “Amendment”) to address the issues set forth in the Interim Decision.

NOW THEREFORE, in consideration of the exchange of promises and covenants contained herein, the legal sufficiency of which is hereby acknowledged, the Settling Parties agree, subject to the Authority’s approval, to amend the Settlement Agreement as follows:

- 1) Definitions. Capitalized terms used but not defined herein have the meanings assigned to such terms in the Settlement Agreement.
- 2) Enhanced Tree Trimming and Enhanced Tree Removal. Section 3.a.ii.2. (concerning system resiliency) and Section 11 (concerning enhanced tree trimming) of the Settlement Agreement are amended as follows to reflect the following text taken verbatim from Section II(C), Pages 13-14, of the Interim Decision:

- “• ETT will be funded as filed in the Application for calendar year 2018.”
  - “• ETT will be funded at 50% of proposed cost for calendar years 2019 and 2020.”
  - “• In its November New Capital Tracker compliance filings, the Company may seek Authority approval for the additional funding for incremental ETT miles in upcoming calendar years 2019 and 2020. The Company may justify the additional mileage based on need, cost reductions expected, or any other reason it deems appropriate.”
  - “• For calendar years 2019 and 2020, any remaining mileage not trimmed under ETT will be performed as part of the routine maintenance by the Company to maintain its routine maintenance four year trim cycle. Funding will be recoverable in the New Capital Tracker.”
  - “• ETR will be funded as filed in the Application for calendar year 2018.”
  - “• ETR will be funded at 66.67% of proposed costs for calendar years 2019 and 2020.”
  - “• In its November New Capital Tracker compliance filings, the Company may seek Authority approval for additional funding for incremental ETR miles in upcoming calendar years 2019 and 2020. The Company may justify the additional mileage based on need, cost reductions expected or any other reason it deems appropriate.”
- 3) Credit/Debit Card Fees. Section 14 of the Settlement Agreement concerning the “Fee Free” credit and debit card fees is amended as follows:
- a) In response to the concerns raised in the Interim Decision, the Settling Parties agree to: (i) delete that portion of Section 14 of the Settlement Agreement that applied a 100% discount toward the credit and debit card transaction fees assessed to small business customers; and (ii) delete that portion of Section 14 that provided a 25% discount toward the credit and debit card transaction fees assessed to commercial and industrial customers. As a result of these additional amendments, only residential customers are eligible to participate in the Fee Free program, and therefore, only residential customers will not be assessed a credit or debit card transaction fee. The cost of this modified program will be charged to all residential customers.
  - b) As a result of the above-described additional amendments to Section 14 of the Settlement Agreement, the revenue requirement for Rate Year 1, Rate Year 2 and Rate Year 3, in the aggregate, for the Fee Free Program described herein shall decrease from \$12.015 million to \$5.3 million.
  - c) The Company shall file an annual compliance filing in this Docket each March 1<sup>st</sup> that includes the following data for the immediately preceding calendar year: (i)

the number of credit/debit card payments, (ii) costs associated with the credit/debit card payments, (iii) monitoring how quickly payments are being received from the date a bill is issued, (iv) number of credit card payments made by financially challenged/hardship customers, (v) annual amount of uncollectibles, and (vi) qualitative improvements in customer satisfaction with this option. In its first annual compliance filing, the Company shall also file data relating to (i) through (v), above, for the Test Year in this rate case (which is calendar year 2016) and calendar year 2017.

- d) Based on a comparison of actual total Fee Free credit card/debit program costs incurred by the Company to the amount allowed in rates, any over-collection shall be credited to customers and any under-collection shall be deferred for recovery in rates at the time of the next rate case.
  - e) At the time of the Company's next rate case, PURA shall determine whether additional changes are necessary or appropriate to the modified Fee Free program described in this Amendment.
- 4) Accounting Adjustments. The Settling Parties agree to address the "Accounting Adjustments" described in Section II.A of the Interim Decision as follows:
- a) Rate Base Adjustments.
    - i) The Settling Parties accept all of the adjustments shown in the following rate base adjustment sections on Pages 3-6 of the Interim Decision: Section II.A.1.a (entitled "Regulatory Assets/Liabilities"), Section II.A.1.b (entitled "Regulatory Liabilities/Reserves"), Section II.A.1.c (entitled "Deferred Taxes on CIAC, Net of Gross-up") and Section II.A.1.d (entitled "Summary of Rate Base Adjustments (\$ million)").
    - ii) ADIT. The Company will prepare exhibits concerning the adjustments shown on Page 6, Section II.A.1.e (entitled "Accumulated Deferred Income Taxes") of the Interim Decision. The timing of the Company's filing of these tax calculations is described in Section 5 of this Amendment.
    - iii) Post-2016 Storm Cost Reserve. The Settling Parties agree that rate base shall be adjusted by \$18.625 million<sup>1</sup> to account for the amortization adjustments described in Section 4.b.i.A below of this Amendment related to costs for catastrophic storms that occurred after December 31, 2016. December 31, 2016 was the original cut-off date used by the Company for quantifying catastrophic storm costs for this rate case.

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<sup>1</sup> The Company informed OCC and PRO that storm costs in excess of \$60 million have thus far been incurred since December 31, 2016. The \$18.625 million of rate base recognition proposed herein represents just over 30% of these costs, yet their inclusion allows for the continued amortizations as per the Settlement Agreement.

b) Expense Adjustments.

- i) Amortization Expense. The Settling Parties accept the adjustments shown on Page 7, Section II.A.2.a (entitled “Amortization Expense”) of the Interim Decision; provided, however, in order to mitigate future bill impacts on customers resulting from the impact of post-December 31, 2016 catastrophic storm costs that continue to build-up in the Company’s reserve for catastrophic storms from, among other events, the October 2017 catastrophic storm and the catastrophic storms that have occurred in March 2018, the Settling Parties agree that:
- (A) the total amount shown in the Table entitled “Summary of Adjustments to Amortization Expenses” on Page 7, Section II.A.2.a of the Interim Decision shall not be removed from the Company’s revenue requirements for Rate Years 1, 2 and 3, and therefore, the amounts shown in the Table shall instead be utilized to pay-down \$18.625 million<sup>2</sup> of post-December 31, 2016 catastrophic storm costs that are hereby allowed in rate base effective May 1, 2018 (the “Post-December 31, 2016 Storm Costs”), provided that if PURA’s subsequent prudence review of these storm costs in a future contested case authorizes the Company to recover an amount that is less than \$18.625 million, then the Company must credit customers for the difference plus carrying charges;
  - (B) the Post-December 31, 2016 Storm Costs are subject to a full prudence review by PURA, the OCC, PRO and any other entities granted intervenor or party status in a future contested case convened by PURA (the “Future Docket”), and therefore, OCC and PRO do not waive their right to challenge the prudence of the Post-December 31, 2016 Storm Costs in the Future Docket; and
  - (C) the Company can elect to have PURA evaluate the prudence of all Post-December 31, 2016 Storm Costs in either (i) its next rate case or (ii) elect to initiate such review sooner in a separate contested case involving such storm costs any time after the conclusion of this pending rate case in Docket No. 17-10-46 (the “Future Storm

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<sup>2</sup> The adjustments to amortizations on Page 7 of the Interim Decision for Rate Year 1 (\$1.804 million), Rate Year 2 (\$2.226 million) and Rate Year 3 (\$18.764 million) total \$22.794 million. In this Section of the Amendment to the Settlement Agreement, allowing \$18.625 million of storm costs to be placed in rate base starting in 2018 totals \$22.794 million over the three-year rate plan, and therefore, this approach utilizes the \$22.794 million of amortization adjustments on Page 7 of the Interim Decision to pay-down new storm costs in an equivalent amount by the end of Rate Year 3. Placing \$18.625 million of new storm costs in rate base in 2018 yields revenue requirements for Rate Year 1 (\$1.684 million), Rate Year 2 (\$1.654 million) and Rate Year 3 (\$19.457 million) totaling \$22.794 million, which matches the \$22.794 million shown on Page 7 of the Interim Decision.

Docket”),<sup>3</sup>

- (D) Any funds (\$43.9 million) attributable to storm amortizations approved in Docket No. 14-05-06 after Rate Year 3 shall be applied to the Company’s reserve for catastrophic storms up until the time the Company files its next application to amend distribution rates.
- ii) EESCO Capital Funding. The Settling Parties accept the adjustments shown on Pages 7-8, Section II.A.2.b (entitled “EESCO Capital Funding”) of the Interim Decision; provided, however, that: (A) Attachment 3, row 31 of the Settlement Agreement contains a “catch-all” settlement reduction totaling \$2 million per year to the revenue requirements in the Company’s Application that was intended to address additional reductions identified by PURA staff that had not been anticipated by the Settling Parties; (B) \$1 million of this \$2 million “catch-all” adjustment was intended to address the working capital portion of the Company’s revenue requirement; and (C) therefore, the remaining \$1 million per year of this “catch all” adjustment shall be netted against the reduction to revenue requirements for EESCO Capital Funding for Rate Years 1, 2 and 3 shown on Page 8, Section II.A.2.b of the Interim Decision.
- iii) Summary of Expense Adjustments. Because Page 8, Section II.A.2.c of the Interim Decision summarizes the above-described adjustments to amortization expense and EESCO capital funding, the Settling Parties have already addressed this subject matter in Sections 4.b.i and 4.b.ii above of this Amendment.
- iv) Income Taxes. The Company will prepare exhibits concerning the adjustments shown on Pages 8-10, Section II.A.2.d (entitled “Income Taxes”) of the Interim Decision. The timing of the Company’s filing of these tax calculations is described in Section 5 below of this Amendment.

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<sup>3</sup> Any additional post-December 31, 2016 Storm Costs approved by PURA in a Future Storm Docket, less the \$18.625 million included herein, can be recovered in base distribution rates at the time of the Company’s next closest May 1<sup>st</sup> adjustment to base distribution rates under the three-year rate plan for this rate case (i.e., Rate Year 2 commences on May 1, 2019 and Rate Year 3 commences on May 1, 2020).

- 5) Timing of Filing of Tax Calculations in Orders 1 and 2 of the Interim Decision. Orders 1 and 2 on Page 14 of the Interim Decision directed the Settling Parties to file exhibits containing additional calculations resulting from the Federal Tax Law Change. The Company has attached calculations as Attachment 2 to the March 23, 2018 joint motion the Settling Parties will file in this Docket.<sup>4</sup>
- 6) Remainder of the Settlement Agreement. Subject to the amendments set forth in this Amendment, the remainder of the Settlement Agreement remains unchanged and in full force and effect. In the event of any conflict or inconsistency between this Amendment and the Settlement Agreement, this Amendment shall control.

*[signature page follows]*

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<sup>4</sup> All tax calculations resulting from the Federal Tax Law Change that are filed by the Company with PURA pursuant to this Amendment constitute estimated calculations that are subject to final true-up pursuant to the processes described in Sections 18.b.i, 18.b.ii, 18.b.iii and 18.b.iv of the Settlement Agreement.

The foregoing Amendment to the Settlement Agreement is executed as of March 23, 2018.

**The Connecticut Light and Power  
Company d/b/a Eversource Energy**

**Office of Consumer Counsel**

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Vice President Rates & Regulatory  
Requirements, and Treasurer  
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which is the duly authorized  
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