

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF MARC E. LEMÉNAGER
PETITION FOR RECOVERY OF STORM EXPENSES
Docket No. DE 19-XXX

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 Company
6 of New Hampshire d/b/a Eversource Energy (“Eversource” or the “Company”).

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

8 A. Yes.

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

10 A. I am currently responsible for assisting in the coordination and implementation of revenue
11 requirements calculations for Eversource, as well as the filings associated with Eversource’s default
12 Energy Service (“ES”) rate, Stranded Cost Recovery Charge (“SCRC”), and Transmission Cost
13 Adjustment Mechanism (“TCAM”).

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

15 A. The purpose of this filing is to: present information on 10 pre-staging and storm response events
16 that occurred between January 2018 and September 2018 (collectively, the “Storm Events”) for
17 review. There were storms in October through December 2018, but as the costs are not yet finalized,
18 the Company notes these for the Commission here and below. Further information on these events
19 will be included in the Company’s next annual report, consistent with the directive in the
20 Commission’s March 26, 2019 letter in Docket No. DE 18-058. The Storm Events are all eligible

1 for storm-fund deferral treatment pursuant to the Reserve mechanism (“MSCR”) established in
2 Docket No. DE 99-099 and the pre-staging criteria approved in Docket No. DE 12-320.

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

4 A. No. The Company is not proposing a rate for effect as part of this filing. The Company is
5 requesting that the storm costs be reviewed for accuracy and recovered through the MSCR.

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

8 A. For all impending storms, Eversource receives an Energy Event Index (“EEI”) from its outside
9 vendor, DTN (formerly Telvent). The EEI provides highly detailed weather forecasts by region
10 and zone for the Eversource service area. DTN’s EEI forecast includes all relevant weather metrics
11 needed to determine the likely severity and location of an impending severe storm. The EEI ranks
12 the strength of the storm on a scale from 1 to 5, where 5 will be the most severe and cause the most
13 damage, and then applies a likelihood against the forecasted strength of the storm. Pursuant to the
14 criteria established in Docket No. DE 12-320, pre-staging costs can be recovered through the
15 MSCR if the weather event has a “high” (greater than 60% based on the forecast) probability of
16 reaching “Level 3” or stronger, according to the EEI. *See* Order No. 25,465 (February 26, 2013)
17 in Docket No. DE 12-320 at 4. For non-pre-staging events, once a storm has hit, for a weather
18 event to be considered a Major Storm eligible for recovery through the MSCR certain criteria must
19 be met. A Major Storm is defined as an event that results in either: a) 10% or more of Eversource’s
20 retail customers being without power in conjunction with more than 200 reported troubles; or b)
21 more than 300 reported troubles during the event. *See* Order No. 25,465 at 1.

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

23 A. In this filing, the Company is presenting information supporting the costs for 10 storm and pre-
24 staging events that occurred from January 2018 through December 2018: (1) January 4, 2018 Pre-
25 Staging event; (2) January 23, 2018 Major Storm; (3) February 7, 2018 Pre-Staging event; (4)

1 March 2, 2018 Pre-Staging event; (5) March 7, 2018 Major Storm; (6) March 13, 2018 Pre-Staging
2 event; (7) April 4, 2018 Major Storm; (8) April 16, 2018 Major Storm; (9) May 4, 2018 Major
3 Storm; (10) June 18, 2018 Major Storm (collectively, the “Storm Events”).

4 **Q. Are there any 2018 Major Storm or pre-staging events that have occurred but are not**
5 **included in this filing because their costs are not yet “finalized”?**

6 A. In the Commission’s March 26, 2019 secretarial letter issued in Docket No. DE 18-058, the
7 Company was instructed to:

8 include only those storms from the prior calendar for which the final costs have
9 been calculated. Eversource should make note of any storms where costs are not
10 finalized by the May 1 report date, and include these storms with final expenses in
11 the Company’s filed report for the subsequent calendar year.

12
13 March 26, 2019 Secretarial Letter in Docket No. DE 18-058 at 3. Excluded from this filing are the
14 October 15, 2018 Major Storm, November 2, 2018 Major Storm, and the November 26, 2018 Major
15 Storm as their costs are not yet “finalized”.

16 **Q. How does the Company determine whether a Storm Event’s costs are “finalized” or not?**

17 A. A Storm Event’s costs are considered “finalized” when there are no longer any unvouchered
18 liabilities (“UVLs”) charged to the work order. UVLs are used to record or estimate the liability
19 that exists for work performed for the Company, but for which an actual invoice has not yet been
20 received.

21 **Q. Does the Company’s filing of finalized storm costs guarantee that a relevant charge will not**
22 **be received after costs have been filed for recovery?**

23 A. No. Even though the process in place for tracking, revising, and finalizing storm costs is relatively
24 reliable, there is still the possibility for a relevant charge be received after the storm costs have been
25 filed. This situation could occur if invoices were received and a liability was not recorded or
26 applied. The Company will include these late charges in subsequent annual storm cost recovery

1 filings.

2 **Q. Are there any relevant charges that have been recorded for prior Storm Events that have**
3 **been previously audited?**

4 A. No.

5 **Q. Please provide a brief history of the Major Storm Cost Reserve and describe its evolution.**

6 A. The Company is allowed to defer costs attributable to pre-staging and restoration efforts deriving
7 from severe weather events that meet the criteria mentioned previously. Under the Docket No.
8 DE 99-099 Settlement, Eversource established its MSCR, with annual funding of \$3.0 million,
9 for the purpose of covering the incremental costs associated with severe weather events. Under
10 the Docket No. DE 09-035 Settlement, Eversource was authorized to increase the funding level to
11 \$3.5 million annually. Under Order No. 25,382 (June 27, 2012) in Docket No. DE 12-110,
12 Eversource was authorized to increase the funding level to \$7.0 million annually. Order No.
13 25,465 in Docket No. DE 12-320 allowed pre-staging events that had a “high” probability of
14 reaching “Level 3” according to the EEI to be eligible for recovery under the MSCR. Under
15 Order No. 25,534 (June 27, 2013) in Docket No. DE 13-127, Eversource was authorized to
16 increase the funding level to \$12.0 million annually, where it has remained since that time.

17 **Q. What is the current position of the Company’s storm fund relative to costs deferred to the**
18 **Major Storm Cost Reserve account?**

19 A. As of April 30, 2019, the Company’s storm fund balance, including carrying charges at the
20 stipulated rate of return, was approximately \$10.8 million. The stipulated rate of return that the
21 fund balance earns is the same rate that is accruing on the storm costs. In Docket No. DE 19-050,
22 the Company filed storm costs of about \$49.6 million for July 2016 through December 2017
23 storm events. These costs are currently being audited by the Commission Audit Staff. Assuming
24 the \$49.6 million of storm costs are approved, the storm fund would not be sufficient to meet the
25 level of costs deferred and would be deficient by about \$38.8 million. In addition to the July 2016

1 through December 2017 storm costs, the Company is submitting \$18.1 million of storm costs for
2 January through September 2018 storm costs in this filing and has an additional \$14.3 million of
3 deferred storm costs for October 2018 through April 2019 storm events.

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

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

12 Following this introduction is a review of each cost category in Section II. Section II also describes
13 the review process that is undertaken to analyze charges from outside vendors to ensure that costs
14 are accurate and reasonable. Section III provides concluding remarks.

15 **II. COST ANALYSIS AND DOCUMENTATION**

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

18 A. As illustrated in the table below, the Company incurred storm-related preparation and response
19 costs totaling approximately \$17.2 million in relation to the 10 Storm Events listed. These
20 amounts do not include any costs capitalized within utility plant on the Company's books nor the
21 carrying charge associated with the costs incurred. Including the carrying charge associated with
22 the timing of each of these expenditures, the total cost including carrying charges as of April 30,
23 2019 is approximately \$18.1 million.

Storm	Total Cost	Carrying Costs 04/30/19	Total Cost 04/30/19
01/4/18 Pre-Staging	\$ 602,347	\$ 39,612	\$ 641,959
01/23/18 Storm	\$ 926,679	\$ 62,386	\$ 989,065
02/07/18 Pre-Staging	\$ 201,086	\$ 12,377	\$ 213,463
03/02/18 Pre-Staging	\$ 388,068	\$ 22,741	\$ 410,809
03/07/18 Storm	\$ 3,606,318	\$ 211,805	\$ 3,818,123
03/13/18 Pre-Staging	\$ 371,368	\$ 23,100	\$ 394,468
04/04/18 Storm	\$ 3,127,283	\$ 168,421	\$ 3,295,704
04/16/18 Storm	\$ 995,525	\$ 52,819	\$ 1,048,343
05/04/18 Storm	\$ 2,992,449	\$ 153,645	\$ 3,146,094
06/18/18 Storm	\$ 3,986,135	\$ 182,249	\$ 4,168,385
Total	\$ 17,197,258	\$ 929,155	\$ 18,126,413

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

4 A. Yes. The Company undertook a thorough review of invoices and costs recorded to the Company’s
5 system in relation to these events. In conducting that review, the Company carefully examined the
6 charges to confirm that the costs are incremental costs directly attributable to the emergency
7 response and not otherwise represented or recoverable in any other distribution rate, charge or tariff.
8 Moreover, all the costs presented for recovery in this filing were reasonably and necessarily
9 incurred to prepare for and respond to the Storm Events. The costs in this filing were incurred to
10 make the repairs necessary to address the damage caused by those severe weather events and
11 support the restoration effort.

12 **Q. What is the Company’s primary tool for accounting for storm restoration costs?**

13 A. During the pre-storm planning process for a pending Emergency Response Plan (“ERP”) event, the
14 Company establishes storm work orders within its financial system to capture costs as those costs
15 are incurred. All applicable costs are captured in the work order. For example, as employees work
16 on restoration efforts, all their appropriate work hours are charged to the appropriate work order,
17 which allows for the tracking of storm costs. To capture costs incurred by employees in fulfilling

1 their storm duties, the Company utilizes procurement cards. The purpose of these purchases is to
2 acquire needed items that are not typically maintained in inventory and are not capital items or for
3 expenses related to food and lodging where the Company does not have an established purchase
4 order. Examples of these types of items include tape and slings needed to make an area safe.
5 Procurement cards allow employees to make immediate purchases from vendors, while
6 simultaneously providing management line-of-sight supervisory ability to monitor charges and
7 assess whether the charges are appropriate and includable for storm-cost recovery. For an ERP
8 event, corporate purchase cards are used to ensure that costs are segregated and recorded directly
9 to specific storm-related accounts on the Company's accounting books and records. Receipts for
10 all purchases are required for submission into the Company system. The Company's systems also
11 allow for supervision of the card use for all corporate procurement cards.

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

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

20 In general terms, work is considered capital under utility general accounting rules where a unit of
21 property is either replaced or newly installed. During the initial phase of the storm, there is a
22 significant level of activity occurring, all with a paramount focus on a safe and expeditious
23 restoration. Therefore, initially all material and labor are charged to the expense work order
24 established for the event to track costs for the storm event. After the storm, all material charges are
25 reviewed and any units of property are moved to a capital work order, along with the associated

1 labor costs. As a result, the costs submitted in this filing for recovery through rates are exclusive
2 of any capitalized costs incurred to make storm-related repairs. All capital costs are simply
3 reflected within utility plant subject to the ordinary distribution ratemaking process.

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

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

18 For 2017 through April 2018, the Company implemented a process to establish individual capital
19 work orders for property installed or replaced during each weather event. Material was charged to
20 an individual work order as is done during normal course of business and a process was used to
21 estimate the labor associated with the material installed or removed. The labor was grossed up to
22 account for adverse working conditions and transferred from the expense storm work order to the
23 individual capital work order. However, that process was realized to be too burdensome and
24 therefore the historic process of charging all charges to the expense storm work order and

1 capitalizing the costs after the fact using the methodology described above in this testimony was
2 re-instituted.

3 **Q. In Docket No. DE 18-058, Audit Staff and Staff recommended removing certain charges**
4 **deemed to be “Media Communications”. Are these costs included in the schedules for these**
5 **10 weather events?**

6 A. While no costs exist for Ergonomics Group or Twenty First Century, for the events included in
7 this submission the Company has utilized the services of West Interactive Services Corp. to fulfill
8 a similar role as Twenty First Century had in prior events. These costs are included in the
9 schedules for these weather events within the Contractor sections. These costs have been included
10 because, as noted in its February 6, 2019 response to the Staff’s recommendation in Docket No.
11 DE 18-058 and March 19, 2019 testimony filed in DE 19-050, the Company continues to believe
12 that these costs are prudently incurred incremental storm-related expenses not otherwise
13 recovered through its rates; and these costs have previously been audited, specifically reviewed,
14 found to be prudently incurred, and recoverable through the MSCR.

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

17 A. Yes. The Company has organized the costs relating to each storm event into four categories.
18 These categories are: (1) charges from external contractors and other outside vendors; (2)
19 procurement card and other logistical charges; (3) incremental storm related payroll costs, payroll
20 related overheads and taxes, incremental vehicle and employee expenses; and (4) materials costs.
21 Documentation and/or analyses are provided for each of these categories. Below, each one of
22 these four categories is discussed to provide an explanation of each category.

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

3 A. Yes. This first category encompasses any external product or service required by the Company to
4 prepare for and execute the restoration effort. The total costs incurred in this category for the
5 Storm Events are approximately \$10.4 million, as shown below.

Storm	External Contractors & Outside Vendors
01/4/18 Pre-Staging	\$ 329,611
01/23/18 Storm	\$ 394,512
02/07/18 Pre-Staging	\$ 77,418
03/02/18 Pre-Staging	\$ 317,904
03/07/18 Storm	\$ 1,917,904
03/13/18 Pre-Staging	\$ 154,682
04/04/18 Storm	\$ 2,020,510
04/16/18 Storm	\$ 491,502
05/04/18 Storm	\$ 1,961,010
06/18/18 Storm	\$ 2,741,204
Total	<u>\$ 10,406,257</u>

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

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

14 **Q. Would you explain what types of costs are incurred in relation to overhead line and service**
15 **crews, and vegetation management services?**

16 A. Yes. Costs incurred in the classification of overhead line crews are for repair crews called in to
17 work on the overhead system to restore power to customers. Within this category, there are two
18 types of resources: (1) professional line contractors and service crews engaged to work on the

1 Eversource system during severe weather emergency periods; and (2) mutual aid line crews
2 obtained from other electric utilities, including Eversource's affiliated companies in other states.

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

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

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

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

17 A. The Resource Acquisition Section of Eversource's Emergency Response Plan is comprised of
18 individuals who are responsible for the procurement of contractor resources. The Resource
19 Acquisition Section works in partnership with the Logistics Section and the Company's
20 Procurement Department to secure contractors at the direction of the Incident Commander and
21 Electric Operations Section Chief, with input from the other ERP section chiefs, as appropriate. As
22 part of the procurement process, rates and mobilization/demobilization procedures are negotiated
23 and agreed to with the vendor. In addition, throughout the event, Eversource supervisors are
24 specifically assigned to the external crews to oversee the work of external resources. Each day, the

1 contractors prepare timesheets, which are verified and signed off by the designated Eversource
2 supervisor to ensure that the indicated work hours are accurate.

3 After the event, each contractor hired by Eversource to perform storm-related services renders
4 invoice(s) related to those services. The invoice detail is initially reviewed by Eversource clerical
5 personnel, who are responsible for verifying that accurate (contract) rates are charged for each job
6 classification based on the rates negotiated. The clerical employee also verifies the mathematical
7 accuracy of the calculations on the bill, as well as whether the hours on the invoice align with the
8 hours reported to the Company (or recorded by the Company) during the event. After this initial
9 review, the invoices are further reviewed by an Eversource supervisor prior to approval of the
10 invoice in accordance with the Company's Delegation of Authority.

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

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

18 A. The costs incurred in this category are approximately \$0.6 million, as shown below.

Storm	Procurement Card & Other Logistical Charges
01/4/18 Pre-Staging	\$ 34,393
01/23/18 Storm	\$ 22,093
02/07/18 Pre-Staging	\$ 9,504
03/02/18 Pre-Staging	\$ 949
03/07/18 Storm	\$ 167,038
03/13/18 Pre-Staging	\$ 35,368
04/04/18 Storm	\$ 103,202
04/16/18 Storm	\$ 15,642
05/04/18 Storm	\$ 58,650
06/18/18 Storm	\$ 119,554
Total	<u>\$ 566,393</u>

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

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

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

13 In most cases, lodging arrangements are paid for via a procurement card. All cardholders are
14 responsible for the charges on their procurement card and are required to provide receipts along
15 with the associated statements to their managers for final review and approval. Procurement cards
16 are also utilized to pay for meals or food brought into the area work centers for those employees
17 working there. The Logistics Section coordinates the meal arrangements at the various area work
18 centers. Meals and water as needed are also purchased by individuals who have their own
19 designated procurement cards.

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

23 A. The costs incurred for direct, internal payroll are approximately \$4.7 million, as shown below:

Storm	Storm-related Payroll
01/4/18 Pre-Staging	\$ 185,561
01/23/18 Storm	\$ 383,235
02/07/18 Pre-Staging	\$ 80,181
03/02/18 Pre-Staging	\$ 56,027
03/07/18 Storm	\$ 1,221,647
03/13/18 Pre-Staging	\$ 150,528
04/04/18 Storm	\$ 748,294
04/16/18 Storm	\$ 364,878
05/04/18 Storm	\$ 676,746
06/18/18 Storm	\$ 861,562
Total	\$ 4,728,659

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

For the union personnel discussed above, the actual costs related to their worked hours is based on the applicable collective-bargaining agreement(s), if applicable.

Exempt employee time is captured and tracked in the same storm account. Since exempt employees are not routinely paid for overtime, this time entry is for tracking purposes only. During the most severe weather events, exempt employees are required to work an extensive number of hours over their typical work week. Depending on the severity of the event, exempt operations supervisory employees are paid for overtime worked during a storm event, consistent with the Eversource storm pay policy. For exempt employees that do not fall into the operations supervision category or if the ERP level of the event is not met, employees at the level of manager and below may be awarded fixed compensation. None of the 10 Storm Events contain compensation awards for exempt employees who worked extended hours in support of the restoration process.

1 The Company includes payroll-related overheads for affiliates in the total storm costs. The costs
2 incurred for payroll-related overheads and taxes are approximately \$0.4 million, as shown below.

Storm	Payroll-related Overheads and Taxes
01/4/18 Pre-Staging	\$ 7,841
01/23/18 Storm	\$ 14,715
02/07/18 Pre-Staging	\$ 1,363
03/02/18 Pre-Staging	\$ 5,395
03/07/18 Storm	\$ 62,418
03/13/18 Pre-Staging	\$ 4,815
04/04/18 Storm	\$ 60,029
04/16/18 Storm	\$ 13,274
05/04/18 Storm	\$ 133,342
06/18/18 Storm	\$ 72,334
Total	\$ 375,526

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

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

7 A. Yes. As mentioned above, the Company uses a capitalization process that estimates the labor costs
8 associated with the capital units of property installed and removed during a restoration event.
9 Factored into that estimation is an assumption that all work is performed under adverse weather
10 conditions and on overtime. Therefore, overtime is removed from the storm costs when labor costs
11 are transferred from the expense work order to the capital work order. Overheads and loaders,
12 including vehicle cost allocations, are applied to the labor and material costs capitalized.

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

14 A. Vehicle costs are incurred when a Company vehicle is needed to perform restoration work or, in
15 the case of pre-staging, be deployed in advance of the anticipated weather to be ready to respond
16 to the most affected areas as they emerge. The costs allocated for use of vehicles during the
17 restoration work are approximately \$0.9 million, as shown below:

Storm	Vehicle Expenses
01/4/18 Pre-Staging	\$ 43,260
01/23/18 Storm	\$ 106,367
02/07/18 Pre-Staging	\$ 31,792
03/02/18 Pre-Staging	\$ 6,777
03/07/18 Storm	\$ 182,260
03/13/18 Pre-Staging	\$ 23,226
04/04/18 Storm	\$ 175,000
04/16/18 Storm	\$ 105,653
05/04/18 Storm	\$ 122,915
06/18/18 Storm	\$ 138,923
Total	\$ 936,173

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

A. Other costs may be incurred during an event and are eligible for reimbursement, such as meals and mileage for those employees that are working the storm event that may not have a procurement card or as contractually obligated. The costs incurred for other support costs are approximately \$0.1 million, as shown below:

Storm	Other Employee Expenses
01/4/18 Pre-Staging	\$ 1,681
01/23/18 Storm	\$ 5,641
02/07/18 Pre-Staging	\$ 827
03/02/18 Pre-Staging	\$ 1,017
03/07/18 Storm	\$ 21,018
03/13/18 Pre-Staging	\$ 2,749
04/04/18 Storm	\$ 11,191
04/16/18 Storm	\$ 3,914
05/04/18 Storm	\$ 14,469
06/18/18 Storm	\$ 14,793
Total	\$ 77,300

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

A. The costs incurred for materials are approximately \$0.1 million, per the table below.

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Storm	Itemization of Materials
01/4/18 Pre-Staging	\$ -
01/23/18 Storm	\$ 117
02/07/18 Pre-Staging	\$ -
03/02/18 Pre-Staging	\$ -
03/07/18 Storm	\$ 34,033
03/13/18 Pre-Staging	\$ -
04/04/18 Storm	\$ 9,057
04/16/18 Storm	\$ 663
05/04/18 Storm	\$ 25,317
06/18/18 Storm	\$ 37,765
Total	\$ 106,952

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

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III. CONCLUDING REMARKS

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

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

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Q. Does this complete your testimony?

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A. Yes, it does.