

**Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. DE 23-004**

**Date Request Received: April 12, 2023
Data Request No. DOE 1-015**

**Date of Response: April 26, 2023
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Request from: Department of Energy

Witness: O'BRIEN, BRENDAN J

Request:

Reference Testimony of Brendan J. O' Brien, Page 7 of 9, Lines 5-10. Please clarify how many discount rates the company proposes given that the question asks, "Is the company proposing the same discount rate for all customer classes?" and the answer is "no," but the answer proceeds to say that "the Company did not consider proposing discount rates that differ by class."

Response:

The Company acknowledges that the answer should have been "yes" as opposed to "no" based on the proposal. The Company reiterates that it is only proposing one discount rate, as described in Section III on pages 6-7, which is meant to encompass all customer rate classes, for the reasons detailed in the testimony.

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Request from: Department of Energy

Witness: O'BRIEN, BRENDAN J

Request:

Re: DOE 1-6

- a) Please clarify the following:
 - i) Whether 2021 and 2022 data for uncollectible expenses is now available; and
 - ii) If so, whether the Company intends to update the discount rate calculation so that it no longer includes 2020 data.
- b) Please identify what the Company's net write-offs were for 2020, 2021, 2022 in total and by customer class, if available. Please also identify all components of the net write-offs data.
- c) Please identify all components in determining the Company's net uncollectible expense.
- d) Please provide the DPR for the Massachusetts POR program and also for the Connecticut POR program for the periods 2015 through 2019, including individual factors used to calculate the DPRs in both MA and CT.
- e) Please provide the formula(s) used to calculate the DPR for the Massachusetts POR program and for the Connecticut POR program.

Response:

- a) The 2021 and 2022 uncollectible expense data are now available and were provided in response to DOE 1-013. The Company does intend to update the discount rate calculation with more recent uncollectible expense information, depending on the expected implementation date of the POR program. However, after further consideration and evaluation the Company has concluded that a two-year average of just 2021 and 2022 uncollectible expense does not appear to be appropriate. This is due to the impacts of the COVID-19 pandemic on uncollectible reserves from 2020 - 2022. Due to the pandemic, and the related shut-off moratorium established in New Hampshire, there was an increase to bad debt expense in 2020. This increase was primarily due to reserve adjustments, which resulted from an increase in aged receivables. Throughout 2021 and 2022, the aged receivables improved, resulting in reductions to total uncollectible expense. As a result, the Company

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concluded it would be appropriate to establish the initial discount rate based on a three-year average in order to eliminate volatility in total uncollectible expense due to the impacts of the COVID-19 pandemic. If a three-year average were adopted for 2020 – 2022, the uncollectible expense component of the discount rate would be approximately 0.65% as compared to the 0.76% included within the original proposal. The three-year average would only be used to establish the initial discount rate, and going forward the Company believes a two-year average remains appropriate.

- b) Please see Attachment DOE 2-006 (a) for this information. These balances include both any outstanding receivable balance written off less any payments received on previously written off accounts.
- c) Uncollectible expense has three components: (1) a monthly uncollectible expense accrual, (2) a monthly analysis of aged receivables that may or may not result in an adjustment to the uncollectible reserve and uncollectible expense, and (3) some miscellaneous legal / collection fees. The monthly uncollectible accrual is calculated consistent with generally accepted accounting principles. The Company first calculates a net write-off rate by taking the actual net write-offs during a recent 12-month period and dividing that value by revenues over that 12-month period. This net write-off rate is multiplied to total revenues each month to estimate the uncollectible expense accrual.

The analysis of aged receivables compares the existing reserve for uncollectibles balance to an aged receivables assessment. Based on a quantitative and qualitative analysis of the quality of its receivables (i.e., an assessment of the age of receivables and the likelihood of collection), a determination is made whether or not the Company's reserve needs to be adjusted.

- d) Please see Attachment DOE 2-006 (b) for the DPRs requested
- e) Please see Attachment DOE 2-006 (c) for the MA DPR formula, and please see Attachment DOE 2-006 (d) for the CT filing. Please note the formula for the Connecticut filing is the sum of the recent two years of uncollectible expense divided by the sum of the recent two years of retail billed revenues.

PSNH
Net Write-offs
2022, 2021, 2020

	2022			2021			2020		
MONTHLY NET WRITE-OFFS	<u>Residential</u>	<u>Non-residential</u>	<u>Total</u>	<u>Residential</u>	<u>Non-residential</u>	<u>Total</u>	<u>Residential</u>	<u>Non-residential</u>	<u>Total</u>
Jan	\$ 516,428.30	\$ 15.51	\$ 516,443.81	\$ 426,736.88	\$ 216,597.01	\$ 643,333.89	\$ 604,390.25	\$ 33,035.70	\$ 637,425.95
Feb	434,913.89	57,428.13	492,342.02	497,478.07	52,518.87	549,996.94	331,376.28	42,611.63	373,987.91
Mar	433,854.15	33,874.45	467,728.60	621,840.22	72,625.82	694,466.04	388,393.64	47,880.15	436,273.79
Apr	261,601.45	10,313.51	271,914.96	435,190.05	92,292.79	527,482.84	293,341.18	26,945.83	320,287.01
May	293,241.36	41,022.10	334,263.46	355,821.33	83,117.91	438,939.24	234,752.17	30,584.59	265,336.76
Jun	363,850.23	32,841.98	396,692.21	487,676.03	32,185.58	519,861.61	439,974.72	48,823.90	488,798.62
Jul	384,859.15	13,376.68	398,235.83	588,225.46	24,208.69	612,434.15	391,619.79	33,804.77	425,424.56
Aug	763,948.21	66,560.29	830,508.50	758,575.60	37,171.33	795,746.93	173,066.63	25,097.08	198,163.71
Sep	628,354.56	55,771.79	684,126.35	672,800.76	51,282.70	724,083.46	297,859.70	25,613.80	323,473.50
Oct	631,352.18	61,262.87	692,615.05	460,128.41	138,285.51	598,413.92	334,123.77	46,940.58	381,064.35
Nov	552,860.26	12,233.50	565,093.76	740,517.71	56,521.09	797,038.80	328,911.38	54,244.78	383,156.16
Dec	572,015.64	50,834.20	622,849.84	635,247.32	46,351.98	681,599.30	585,682.00	39,477.26	625,159.26
TOTAL NET WRITE-OFFS	\$ 5,837,279.37	\$ 435,535.02	\$ 6,272,814.39	\$ 6,680,237.84	\$ 903,159.28	\$ 7,583,397.12	\$ 4,403,491.53	\$ 455,060.05	\$ 4,858,551.58

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Attachment DOE 2-006 (b)
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Supplier POR discount percentage rate

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CL&P	0.44%	0.43%	0.73%	0.69%	0.45%

	Combined	NSTAR Electric 2018		NSTAR Electric 2017		NSTAR Electric 2016		NSTAR Electric 2015	
	<u>2019</u>	<u>East</u>	<u>West</u>	<u>East</u>	<u>West</u>	<u>East</u>	<u>West</u>	<u>East</u>	<u>West</u>
Residential	0.94%	1.30%	2.93%	1.30%	4.13%	0.99%	2.59%	1.27%	2.23%
Commercial	0.12%	0.40%	0.16%	0.26%	0.07%	0.13%	0.25%	0.32%	0.16%
Industrial	-0.08%	0.33%	0.41%	0.02%	-0.07%	-0.03%	0.15%	0.25%	0.04%
Other	N/A	N/A	0.09%	N/A	-0.01%	N/A	N/A	N/A	0.07%

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**Date Request Received: May 10, 2023
Data Request No. DOE 2-013**

**Date of Response: May 23, 2023
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Request from: Department of Energy

Witness: O'BRIEN, BRENDAN J

Request:

Re: DOE 1-19

The Company's response to DOE 1-17 stated that, "the proposed three-year amortization for the incremental capital costs aligns with the accounting life or depreciation used for similar capital expenses."

- a) Please identify the similar capital expenses where a three-year amortization period has been used in New Hampshire.
- b) In other dockets, the Company has used a five-year amortization period for similar projects. Why does the Company believe three years is appropriate in this instance?

Response:

- a) The Company does not currently have any software assets that carry a three-year depreciable life.
- b) The Company proposed a three-year recovery period, in part, following the Massachusetts POR process that included a three-year recovery period for implementation costs. As outlined in the Company's response to DOE 2-011, the Company would agree to adjust the amortization period to five years in order to be consistent with previous filings.

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**Date Request Received: April 12, 2023
Data Request No. DOE 1-010**

**Date of Response: April 26, 2023
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Request from: Department of Energy

Witness: O'BRIEN, BRENDAN J

Request:

Based upon the proposed NH POR program, please explain in detail any risk to the Company, including, but not limited to, any costs that the Company will not recover from the CEPS or CPA.

Response:

The risk exists that the Company will not recover all billed charges for energy supply receivables purchased from third-party suppliers, and therefore its uncollectible percentage will increase. The increase in any given year's uncollectible expense will be reflected in the subsequent year's calculation of the discount percentage rate; however, in view of the lapse of time and two-year averaging, there will be a lag in fully accounting for any annual increase in uncollectibles.

(c) Timing of Payment to Participating Suppliers

The payment to Suppliers of the amounts computed in accordance with the provisions of subsection 9(d) below shall be made monthly consistent with the combined average payment period of the Company's Customer Classes. Unless otherwise ordered by the Commission, the average payment period shall be based on actual historical data for the most recent 12-month period for which data is available in the relevant classification, or other appropriate period, as approved by the Commission. On or about March 15th of each year, the Company shall file with the Commission data on the average historical payment period that will be in place the subsequent year beginning on May 1st. The Discount Rate computed in accordance with the provisions of subsection 9(d) below will remain in effect for the entire year, unless otherwise approved by the Commission.

(d) Amount of Payment to Participating Suppliers

The Company shall pay to the Supplier the full amounts due from Customer for Supplier Service, less the Discount Rate as defined below. For any Customer that has elected Budget Billing, or is subject to a periodic payment plan agreed to by the Company, the full amounts due for Supplier Service shall be based on the Customer's actual usage rather than on the amount the Customer is billed under the Budget Billing program or such periodic payment plan. In all other instances, the full amounts due for Supplier Service shall be based on the amount actually billed to the customer.

On or about March 15th of each year, the Company shall file with the Commission the said percentages that will be in place for the subsequent year beginning on May 1st. The percentages will remain in effect for the entire year unless otherwise approved by the Commission. The percentages shall be computed in accordance with the following formula:

DR = UP + ACP + AICE Where

DR = Discount Rate to be deducted from the full amounts due for Supplier Service.

UP = Uncollectible Percentage is the uncollectible expense for all of the Company's customers, based on actual data for the most recent two calendar years for which data is available prior to the annual filing, divided by the total amounts billed by the Company, including late payment charges only if included in uncollectible expense, for that same time period. The period to be used for purposes of calculating the Uncollectible Percentage shall be the same period the Company uses for calculating its uncollectible expense associated with the amounts the Company bills for default energy service supply.

During the first year of POR program operation, the Uncollectible Percentage is the Company's uncollectible expense for all Customers for the calendar years 2021 and 2022, divided by the total amounts billed by the Company, including late payment charges only if included in uncollectible expense.

ACP = Administrative Cost Percentage is the total forecasted incremental costs of POR program administration and collection to be recovered for the subsequent year divided by the total amounts billed for Supplier Service by the Company for the most recent 12-month period for which data is available prior to the annual filing. For the first year of the POR program, the Administrative