

**STATE OF NEW HAMPSHIRE**  
**BEFORE THE PUBLIC UTILITIES COMMISSION**  
**DIRECT TESTIMONY OF YI-AN CHEN AND SCOTT R. ANDERSON**  
**PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**  
**d/b/a EVERSOURCE ENERGY**  
**REQUEST FOR CHANGE IN REGULATORY RECONCILIATION ADJUSTMENT**  
**RATE**  
**AUGUST 1, 2024 THROUGH JULY 31, 2025**

**May 1, 2024**

**Docket No. DE 24-035**

---

1 **I. INTRODUCTION**

2 **Q. Ms. Chen, please state your name, business address and position.**

3 A. My name is Yi-An Chen. My business address is 780 North Commercial Street,  
4 Manchester, New Hampshire. I am employed by Eversource Energy Service Company as  
5 the Director of Revenue Requirements for New Hampshire and in that position, I support  
6 Public Service Company of New Hampshire d/b/a Eversource Energy (“PSNH”,  
7 “Eversource” or the “Company”) regarding revenue and rate-related matters.

8 **Q. Ms. Chen, please provide your educational and professional background.**

9 A. I received a Bachelor of Business Administration in International Business degree from  
10 Soochow University in Taipei, Taiwan and Master’s Degree in Business Administration  
11 from Clark University. I joined Eversource last year, having more than 15 years of prior  
12 experience with National Grid USA in various roles of increasing responsibility including

1 Regulatory and Compliance, Finance and Performance Management, Program and Project  
2 Management, and Reporting and Analysis.

3 **Q. Ms. Chen, what are your responsibilities in your current position?**

4 A. I am currently responsible for the coordination and implementation of revenue requirement  
5 calculations and regulatory filings for the Company, as well as the filings associated with  
6 PSNH's default Energy Service ("ES"), Stranded Cost Recovery Charge ("SCRC"),  
7 Transmission Cost Adjustment Mechanism ("TCAM"), System Benefits Charge ("SBC"),  
8 Regulatory Reconciliation Adjustment ("RRA") mechanism, Pole Purchase Adjustment  
9 Mechanism ("PPAM"), and Base Distribution Rates.

10 **Q. Ms. Chen, have you previously testified before the New Hampshire Public Utilities  
11 Commission (the "Commission")?**

12 A. Yes, I provided testimony before the Commission in support of the Company's Energy  
13 Service rate filing in Docket No. DE 23-043; System Benefit Charge Lost Base Revenue  
14 rate filing in Docket No. DE 23-080; and Stranded Cost Recovery Charge (SCRC) rate  
15 filing in Docket No. DE 23-091.

16 **Q. Mr. Anderson, please state your name, business address and position.**

17 A. My name is Scott R. Anderson. I am employed by Eversource Energy Service Company  
18 as the Manager of Rates in New Hampshire. In this position, I provide support to PSNH.  
19 My business address is 780 North Commercial Street, Manchester, New Hampshire.

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

1 A. As the Manager of Rates, I am responsible for activities related to rate design, cost of  
2 service, and rates administration for the Company.

3 **Q. Please describe your educational and professional background.**

4 A. I received a Bachelor of Arts degree in Mathematics from Hartwick College in 1986. In  
5 September 1986, I began my utility career in Rates and Regulatory Affairs for Central  
6 Vermont Public Service Corporation (“CVPS”) and rose to the position of Manager of  
7 Rates. In 2012, CVPS merged with Green Mountain Power Corporation (“GMP”) and I  
8 continued as Manager of Rates. In December 2022, I retired from GMP and assumed my  
9 current position with Eversource.

10 **Q. Mr. Anderson, have you previously testified before the Commission?**

11 A. Yes. I have provided testimony in several rate adjustment dockets in 2023.

12

13 **II. OVERVIEW**

14 **Q. Ms. Chen, what is the purpose of your testimony?**

15 A. The purpose of my testimony is to explain the various cost components included in the  
16 Company’s fourth annual RRA. On December 15, 2020, the Commission issued Order  
17 No. 26,433 approving the Company’s comprehensive base distribution rate case  
18 Settlement Agreement (“Settlement”) filed on October 9, 2020 in Docket No. DE 19-057.

1 Pursuant to Section 9 of the Settlement<sup>1</sup> and Order No. 26,433, the Company filed on  
2 March 1, 2024 the reports of its reliability statistics, vegetation management activities  
3 and a request for the Commission to open a docket to implement the Company’s RRA  
4 rate change to allow for recovery from customers of the costs reflected in the RRA  
5 revenue requirement identified in Attachments YC/SRA-1 to YC/SRA-7. The RRA cost  
6 components are described below:

- 7 a. Regulatory Commission annual assessments and consultant costs incurred  
8 by the Commission, the Department of Energy (“DOE”), and the Office of  
9 the Consumer Advocate (“OCA”). In accordance with RSA 363-A:6,  
10 amounts above or below the total DOE assessment, less amounts charged  
11 to Base Distribution and ES rates, shall be recovered or refunded through  
12 the RRA. Additionally, charges related to legal and/or outside consulting  
13 service charges related to DOE approved special assessments assessed by  
14 the DOE to the Company for the expenses of experts employed by the  
15 Commission, the DOE, and the OCA pursuant to the provisions of RSA  
16 365:37, II, RSA 365:38-a, and RSA 363:28, III shall also be recovered  
17 through the RRA.

---

<sup>1</sup> Settlement, Bates pages 14-17.

- 1                   b. Vegetation Management Program (“VMP”) variances described in Section  
2                   6 of the Settlement<sup>2</sup> shall include the calendar year over- or under-  
3                   collection from the Company’s VMP.
- 4                   c. Property tax expenses and related over- or under-recoveries, as compared  
5                   to the amount of property tax expense in base distribution rates, and  
6                   consistent with RSA 72:8-e, shall be adjusted annually through the RRA.
- 7                   d. Lost-base distribution revenues associated with net metering, calculated  
8                   consistent with RSA 362-A:9, VII and the Commission’s approved Docket  
9                   No. DE 16-576 method in Order No. 26,029 (June 23, 2017), is the  
10                  amount of lost base distribution revenue recovered through the RRA based  
11                  on the cumulative net metering installations beginning on January 1, 2019  
12                  and going forward. In this RRA proceeding, the Company proposes to  
13                  recover lost-base distribution revenues associated with net metering for  
14                  calendar year 2023.
- 15                  e. Storm cost amortization final reconciliation and annual reconciliation  
16                  updated for actual cost of long-term debt for storm costs through  
17                  December 31, 2018. As of August 1, 2019, the Company began to (i)  
18                  amortize the storm costs through 2018 over five years through July 31,  
19                  2024; and (ii) apply a carrying charge to the unamortized balance of those

---

<sup>2</sup> Settlement, Bates pages 11-12.

1 storm expenses equal to its embedded cost of long-term debt. On an  
2 annual basis through July 31, 2024, the RRA will reconcile the storm cost  
3 amortization amount to adjust for the Company's actual cost of long-term  
4 debt interest rate as filed in the Company's Form F-1 on a quarterly basis.

5 f. Rate case expense amortization recovery over a five-year period beginning  
6 on August 1, 2022 of certain rate case expenses negotiated and settled by  
7 the parties, as approved by the Commission in Order No. 26,634 in Docket  
8 No. DE 19-057.<sup>3</sup>

9 **Q. Mr. Anderson, what is the purpose of your testimony?**

10  
11 A. As described by Ms. Chen in part d. above regarding lost-base distribution revenues  
12 associated with net metering, I describe and support the Company's calculation of lost-  
13 base distribution revenues associated with net metering in separate testimony and  
14 attachments in compliance with the method prescribed in RSA 362-A:9, VII and  
15 approved by the Commission in Order No. 26,029 in Docket No. DE 16-576. The  
16 detailed calculation of lost-base distribution revenues associated with net metering for  
17 calendar year 2023 is provided in Attachment SRA-2 and SRA-3, "Calculation of Lost  
18 Base Revenues due to Net Metering", accompanying my separate testimony.

19 In addition, the Company has prepared bill impacts and tariff changes reflecting the  
20 proposed RRA revenue requirement and rate presented here. The bill impacts and tariff

---

<sup>3</sup> Order No. 26,634, at 7 (May 27, 2022).

1 changes encompassing all rate changes are provided in Attachments YC/SRA-8 and  
2 YC/SRA-9.

3 **Q. Has the proposed RRA rate been calculated consistent with the Settlement and**  
4 **Commission Order No. 26,433 approved in Docket No. DE 19-057?**

5 A. Yes, the proposed RRA rate has been prepared consistent with the terms of Section 6 and  
6 Section 9 of the approved Settlement in Docket No. DE 19-057 and Order No. 26,634  
7 noted above.

8 **III. RRA ATTACHMENTS**

9 **Q. Please summarize the Company's request.**

10 A. Eversource's calculation of the RRA revenue requirement for effect August 1, 2024 is  
11 (\$2,369,116), which represents a significant decrease in the total RRA revenue requirement  
12 when compared to prior year. As described in more detail in testimony below, the proposed  
13 overall average rate decrease is largely driven by over-recoveries of Property Tax expense  
14 and storm cost amortization, offset by under-recoveries in DOE regulatory assessment and  
15 consultant expenses, Vegetation Management expenses, Lost Base Revenue due to Net  
16 Metering, and rate case expense amortization.

17 **Q. Please describe the components of the RRA and their application to this rate**  
18 **request.**

19 A. The RRA allows for the recovery or refund of certain costs under the Settlement terms as  
20 agreed to and approved by the Commission in Order Nos. 26,433 and 26,634, as noted

1           above. RRA costs calculated and proposed for recovery or refund in this proceeding  
2           include the following:

3                   1. **Attachment YC/SRA-1** is a four-page summary that identifies an over-recovery  
4                   of the overall RRA revenue requirement and average rate of the six individual  
5                   components included in the RRA mechanism as described in the table below:

Page Number	Description
1	Overall RRA revenue requirement and proposed average rate
2	Estimated overall RRA reconciliation for the forecast twelve-month period August 1, 2024 to July 31, 2025
3	Projected overall RRA reconciliation for the current twelve-month period August 1, 2023 to July 31, 2024 (8 months actual/4 months estimated)
4	Actual overall RRA reconciliation for the prior twelve-month period August 1, 2022 to July 31, 2023

6

7                   2. **Attachment YC/SRA-2** is a six-page summary that identifies an under-recovery  
8                   of DOE regulatory assessments and outside consultant costs hired or retained by  
9                   the Commission, DOE, and OCA in calendar year 2023 and proposed for  
10                  recovery through the RRA mechanism as described in the table below:

Page Number	Description
1	DOE regulatory assessments and consultant cost revenue requirement and illustrative average rate
2	Estimated DOE regulatory assessments and consultant cost reconciliation for the forecast twelve-month period August 1, 2024 to July 31, 2025
3	Projected DOE regulatory assessments and consultant cost reconciliation for the current twelve-month period August 1, 2023 to July 31, 2024 (8 months actual/4 months estimated)
4	Actual DOE regulatory assessments and consultant cost reconciliation for the prior twelve-month period August 1, 2022 to July 31, 2023



5	DOE regulatory assessments and consultant cost calculation in excess of base distribution rate recovery for calendar year 2023
6	DOE regulatory assessments and consultant cost invoice listing of various recoverable regulatory initiatives for calendar year 2023

1

2

3

4

3. **Attachment YC/SRA-3** is a five-page summary that demonstrates full recovery of the Vegetation Management Program (“VMP”) costs in calendar year 2023, that is as described in the table below:

Page Number	Description
1	VMP revenue requirement and illustrative average rate
2	Estimated VMP reconciliation for the forecast twelve-month period August 1, 2024 to July 31, 2025
3	Projected VMP reconciliation for the current twelve-month period August 1, 2023 to July 31, 2024 (8 months actual/4 months estimated)
4	Actual VMP reconciliation for the prior twelve-month period August 1, 2022 to July 31, 2023
5	Net VMP cost calculation

5

6

7

8

9

4. **Attachment YC/SRA-4** is a six-page summary that identifies an (over)-recovery of the cost of Property Tax expense to be refunded through the RRA mechanism in accordance with Section 9.1(c) of the Settlement and Order No. 26,433 as described in the table below:

Page Number	Description
1	Property tax expense revenue requirement and illustrative average rate
2	Estimated Property tax expense reconciliation for the forecast twelve-month period August 1, 2024 to July 31, 2025
3	Projected Property tax expense reconciliation for the current twelve-month period August 1, 2023 to July 31, 2024 (8 months actual/4 months estimated)
4	Actual Property tax expense reconciliation for the prior twelve-month period August 1, 2022 to July 31, 2023

5	Property tax expense calculation in excess of base distribution rate recovery for calendar year 2023
6	Actual Property tax expense accrual summary schedule by City/Town for calendar year 2023

1

2

5. **Attachment YC/SRA-5** is a five-page summary that identifies an under-recovery of the cost of the Lost Base Revenue (“LBR”) due to Net Metering in calendar year 2023 and proposed to be recovered through the RRA mechanism as described in the table below:

3

4

5

Page Number	Description
1	Lost Base Revenue due to Net Metering revenue requirement and illustrative average rate
2	Estimated Lost Base Revenue due to Net Metering reconciliation for the forecast twelve-month period August 1, 2024 to July 31, 2025
3	Projected Lost Base Revenue due to Net Metering reconciliation for the current twelve-month period August 1, 2023 to July 31, 2024 (8 months actual/4 months estimated)
4	Actual Lost Base Revenue due to Net Metering reconciliation for the prior twelve-month period August 1, 2022 to July 31, 2023
5	Lost Base Revenue due to Net Metering summary calculation by rate class for calendar year 2023

6

7

6. **Attachment YC/SRA-6** is a six-page summary that identifies an (over) recovery of the cost of Storm Cost amortization to be refunded through the RRA mechanism as described in the table below:

8

9

Page Number	Description
1	Storm cost amortization revenue requirement and illustrative average rate
2	Estimated Storm cost amortization reconciliation for the forecast twelve-month period August 1, 2024 to July 31, 2025

3	Projected Storm cost amortization reconciliation for the current twelve-month period August 1, 2023 to July 31, 2024 (8 months actual/4 months estimated)
4	Actual Storm cost amortization reconciliation for the prior twelve-month period August 1, 2022 to July 31, 2023
5	Storm cost amortization calculation in excess of base distribution rate recovery for calendar year 2023
6	Storm cost amortization recalculation/reconciliation schedule for calendar year 2023

1

2

7. **Attachment YC/SRA-7** is a five-page summary that identifies an under-recovery of the cost of rate case expense amortization to be recovered through the RRA mechanism as described in the table below:

3

4

Page Number	Description
1	Rate case expense amortization revenue requirement and illustrative average rate
2	Estimated Rate case expense amortization reconciliation for the forecast twelve-month period August 1, 2024 to July 31, 2025
3	Projected Rate case expense amortization reconciliation for the current twelve-month period August 1, 2023 to July 31, 2024 (8 months actual/4 months estimated)
4	Actual Rate case expense amortization reconciliation for the prior twelve-month period August 1, 2022 to July 31, 2023
5	Rate case expense amortization calculation schedule per Order No. 26,634

5

6

8. **Attachment YC/SRA-8** is a nine-page exhibit that calculates the rates by rate class and provides the Rate R bill impacts due to the proposed RRA rate adjustments.

7

8

9

9. **Attachment YC/SRA-9** is a 40-page exhibit that reflects the tariff changes due to the proposed RRA rate adjustments.

10

1 **Q. Please describe how the average RRA rate is calculated.**

A. Attachments YC/SRA-1 to YC/SRA-7 provide calculations of the over- or under-recoveries and illustrative average rates for the individual cost components within the RRA rate mechanism. The overall RRA average rate is based on the total over- and under-recoveries of all RRA cost components through December 31, 2023 in accordance with Section 9.1 of the Settlement and Order No. 26,433. For illustrative purposes only, the table below provides the \$ per kWh rates (historical and proposed) for each individual component of the RRA. However, consistent with the prior RRA filings in Docket Nos. DE 21-029, DE 22-010 and DE 23-021, the Company proposes for refund the overall RRA revenue requirement and average rate of (\$0.00031) per kWh.

<b>Regulatory Reconciliation Adjustment (RRA) Rate (Average \$ per kWh)</b>					
<b>RRA Cost Category</b>	<b>Docket No. DE 21-029 Order No. 26,503 (July 30, 2021)</b>	<b>Docket No. DE 21-029 Order No. 26,570 (January 25, 2022)</b>	<b>Docket No. DE 22-010 Order No. 26,653 (July 26, 2022)</b>	<b>Docket No. DE 23-021 Order No. 26,863 (July 28, 2023)</b>	<b>Docket No. DE 24-035 Proposed Rate</b>
DOE Assessment/Consultant Costs	\$0.00006	\$0.00006	\$0.00007	\$0.00026	\$0.00008
Vegetation Management Program (VMP)	\$(0.00045)	\$(0.00067)	\$(0.00011)	\$(0.00008)	\$0.00024
Property Tax Expense	\$0.00027	\$0.00027	\$0.00028	\$0.00001	\$(0.00094)
LBR due to Net Metering	\$0.00004	\$0.00004	\$0.00007	\$0.00014	\$0.00029
Storm Cost Amortization Reconciliation	\$(0.00003)	\$(0.00003)	\$(0.00003)	\$(0.00005)	\$(0.00002)

Rate Case Expense Amortization	N/A	N/A	\$0.00005	\$0.00005	\$0.00005
<b>Total Average RRA<sup>4</sup></b>	<b>\$(0.00012)</b>	<b>\$(0.00035)</b>	<b>\$0.00034</b>	<b>\$0.00033</b>	<b>\$(0.00031)</b>

1 **IV. RRA REQUEST**

2 **DOE Assessments/Commission, DOE and OCA Consultant Expenses**

3 **Q. Please describe the detailed support for the calculation of the Regulatory**  
4 **Assessments/Commission, DOE and OCA Consultant costs included in Attachment**  
5 **YC/SRA-2.**

6 A. Per the Commission’s Order No. 26,433 issued on December 15, 2020 approving the  
7 Settlement in Docket No. DE 19-057, to comply with the intent of Settlement Section  
8 9.1(a), the Company has prepared Attachment YC/SRA-2 to recover the DOE  
9 Assessments/Commission, DOE, and OCA Consultant Costs through the RRA. Section  
10 9.1(a) of the Settlement states the following, with emphasis added:

11 Regulatory Commission annual assessments and consultants hired or retained by  
12 the Commission and OCA. In accordance with RSA 363-A:6, amounts above or  
13 below the total Commission assessment, less amounts charged to base distribution  
14 and default Energy Service, shall be recovered through the RRA. The amount in  
15 base distribution rates pertaining to Commission assessments is **\$5,220,056**

---

<sup>4</sup> Numbers may not add due to rounding; Commission approves Total Average RRA rate only.

1 reflecting the fiscal year 2020 assessment to PSNH and **excludes \$10,000**, which  
2 is recovered through the default Energy Service rate per Docket No. DE 14-238  
3 and RSA 363-A:2, III. Additionally, legal and consulting outside service charges  
4 related to Commission approved special assessments assessed by the Commission  
5 to the Company for the expenses of experts employed by the Commission, Staff,  
6 and OCA pursuant to the provisions of RSA 365:37, II, RSA 365:38-a, and RSA  
7 363:28, III shall also be recovered through the RRA. The Settling Parties  
8 acknowledge that **current base distribution rates do not include any costs**  
9 **associated with consultants** hired or retained by the Commission, Staff, and  
10 OCA, and any costs incurred within the calendar year shall be included in the  
11 RRA for recovery in the year following the year in which they are incurred. To  
12 the extent any such costs are recovered through another rate or method, they shall  
13 not be recovered through the RRA.

14 Consistent with the Commission's approval of the Settlement in Order No. 26,433,  
15 Attachment YC/SRA-2, Page 5, line 11 reflects the \$512,000 revenue requirement for: (i)  
16 the actual DOE assessments per book expense compared to the approved annual  
17 Regulatory annual assessments amount recovered in base distribution rates, for the period

1 January 1, 2023 to December 31, 2023; and (ii) the actual Commission, DOE, and OCA  
2 Consultant expenses incurred for the period January 1, 2023 to December 31, 2023.<sup>5</sup>

3 **Vegetation Management Program (VMP) Expenses**

4 **Q. Please describe the detailed support for the calculation of the VMP costs included in**  
5 **Attachment YC/SRA-3.**

6 A. Per Order No. 26,433, in addition to the Company's March 1, 2024 filing in this docket,  
7 to comply with the intent of Section 9.1(b) of the Settlement, the Company has prepared  
8 Attachment YC/SRA-3 to reconcile the actual 2023 VMP costs to amounts (i) recovered  
9 in base distribution rates, and (ii) the 2022 VMP cost over-recovery carry over amount of  
10 \$2,126,381, in accordance with Section 9.1(b) of the Settlement and approved in Order  
11 No. 26,863. The amount in base rates shall be \$27.1 million for ETT, Hazard Tree  
12 Removal, ROW and SMT programs. The amount to be recovered in the RRA shall be  
13 based on the overall vegetation management program variance for the prior calendar  
14 year, rather than variances for individual activities within the overall program.

15 Consistent with the Settlement, Attachment YC/SRA-3, Page 5, reflects the actual VMP  
16 costs per book, net of (i) reimbursables, and (ii) 2022 carry over, as compared to the  
17 VMP costs recovered in base distribution rates for the period January 1, 2023 to  
18 December 31, 2023.

---

<sup>5</sup> Settlement, Bates page 15.

1 **Q. Is the Company requesting recovery of an actual 2023 VMP expense amount that is**  
2 **greater than the amount recovered through base rates as permitted under the**  
3 **approved Settlement<sup>6</sup>?**

4 A. Yes. In accordance with Section 6.2(c) of the approved Settlement, as shown in  
5 Attachment YC/SRA-3, Page 5, Line 21, the Company proposes for Commission  
6 approval recovery through the RRA of \$1,780,412 of the 2023 VMP expense, an amount  
7 that is 6.6 percent greater than the base rate recovery amount of \$27,100,000.

8

9 **Property Tax Expense**

10 **Q. Please describe the detailed support for the calculation of the Property Tax expense**  
11 **included in Attachment YC/SRA-4.**

12 A. Per Order No. 26,433, to comply with the intent of Section 9.1(c) of the Settlement, the  
13 Company has prepared Attachment YC/SRA-4 to calculate the amount recoverable from  
14 customers associated with Property Tax expenses through the RRA. Section 9.1(c) of the  
15 Settlement states the following:

16 Property tax expenses, as compared to the amount in base rates. Consistent with  
17 RSA 72:8-e, property tax over- or under-recoveries as compared to the amount in  
18 base distribution rates shall be adjusted annually through the RRA. The amount  
19 included in base distribution rates for property tax expense shall be \$45,186,407

---

<sup>6</sup> Settlement, Bates pages 11-12



1 based on property tax expense as of December 2019, normalized to exclude any  
2 credits related to property tax settlement proceeds for tax years preceding the test  
3 year. On an annual basis, actual property tax expense for the prior calendar year  
4 shall be compared against the amount in base rates and any variances will be  
5 reconciled through the RRA mechanism. Annual actual property tax expense shall  
6 be normalized to adjust for any credits received due to abatement settlement  
7 proceeds received for tax years preceding the test year.

8 Consistent with the Commission's approval of the Settlement in Order No, 26,433,  
9 Attachment YC/SRA-4, Page 5, reflects the \$(6,970,406) over-recovery calculated by  
10 comparing the actual Property Tax Expenses, as recorded in the Company's accounting  
11 general ledger system (net of post-test year abatements, other related adjustments, and  
12 property tax amounts recovered in the Company's three step adjustments), to the  
13 approved Settlement amount recovered in base distribution rates for the period January 1,  
14 2023 to December 31, 2023.

15 **Q. Were the Step 1, Step 2, and Step 3 Property Tax amounts appropriately reflected**  
16 **in the calculation to determine the refundable Property Tax expense amount of**  
17 **\$(6,970,406), as shown in Attachment YC/SRA-4, Page 5?**

18 A. Yes. Because the Steps 1, 2, and 3 Property Tax amounts are incremental to the \$45.2  
19 million property tax expenses allowed for recovery under the DE 19-057 Settlement, the

1 approved Step 1, Step 2, and Step 3 property tax revenue requirement amounts<sup>7</sup> of  
2 approximately \$1.6 million, \$1.9 million, and \$1.9 million, respectively, were  
3 appropriately removed from the calendar year 2023 (CY 2023) calculation to determine  
4 the Property Tax expense revenue requirement to include in this RRA filing. The  
5 distribution rate changes from the Step adjustments are as follows:

- 6 • Step 1 revenue requirement increase included the Property Tax expense incremental to  
7 base distribution rate recovery of approximately \$1.6 million for CY 2023.
- 8 • Step 2 revenue requirement increase included the Property Tax expense incremental to  
9 base distribution rate recovery of approximately \$1.9 million for CY 2023.
- 10 • Step 3 revenue requirement increase included the Property Tax expense incremental to  
11 base distribution rate recovery of approximately \$2.3 million for CY 2023.

12 A summary of the Step Adjustments 1, 2, and 3 Property Tax expense reflected in  
13 Attachment YC/SRA-4, page 5, line 2 is calculated and provided in the table below.

		DE 24-035 2023 Property Tax Recoveries		
<u>Line</u>	<u>Step</u>	<u>Jan to Jul</u>	<u>Aug to Dec</u>	<u>12 Month Total</u>
1	1	\$ 930,868	\$ 664,906	\$ 1,595,774
2	2	\$ 1,134,305	\$ 810,218	\$ 1,944,523
3	3	\$ 1,477,194	\$ 791,354	\$ 2,268,549
4	Total	\$ 3,542,368	\$ 2,266,478	\$ 5,808,846

15 **Q. Please describe what is included in the Property Tax expense included in base**  
16 **distribution rates?**

<sup>7</sup> Order Nos. 26,439 (December 23, 2020), 26,504 (July 30, 2021), and 26,709 (October 20, 2022).

1 A. Schedule EHC/TMD-31 in Docket No. DE 19-057 distribution rate case provides detail  
2 to support the property tax expense of \$45,186,407. This amount includes local municipal  
3 property taxes and New Hampshire state utility property tax and excludes property tax  
4 allocated to Construction Work in Progress (“CWIP”) and non-utility property. The  
5 property tax expense included in base distribution rates was also normalized to remove  
6 any refunds received from property tax settlements received for taxes paid through the  
7 test year ending December 31, 2018. However, any future refunds received for property  
8 taxes paid post-test year would be included in the property tax reconciliation. The  
9 Company also notes that, while Schedule EHC/TMD-31 does identify property taxes  
10 associated with certain building leases, because those buildings were formerly leased, as  
11 of the test year the leases had been transferred to Eversource. Any property taxes  
12 associated with leases are not included in the property tax expense that is subject to this  
13 reconciliation.

14 **Q. Why does the reconciliation period for Property Tax expense cover the period**  
15 **January 1, 2023 through December 31, 2023?**

16 A. As described above and as outlined in the Docket No. DE 19-057 Settlement, current and  
17 future RRA filings reflect a reconciliation of actual property tax expenses to the amount  
18 recovered in base distribution rates for the prior calendar year.

19 **Lost Base Distribution Revenue due to Net Metering**

20 **Q. Please describe the detailed support for the calculation of the lost base revenue due**  
21 **to Net Metering included on pages 3 and 4 of Attachment YC/SRA-5.**

1 A. As noted in the separate testimony and attachments of Mr. Anderson and per Order No.  
2 26,433, the Company has summarized the LBR due to Net Metering to be recovered  
3 through the RRA as previously referenced and as provided in Attachments SRA-2 and  
4 SRA-3, in compliance with Section 9.1(d) of the Settlement as follows:

5 Lost-base distribution revenues associated with net metering, as calculated  
6 consistent with RSA 362-A:9, VII and the Commission's approved method in  
7 Order No. 26,029 (June 23, 2017) in Docket No. DE 16-576. The Settling Parties  
8 acknowledge that base distribution rates do not include any lost base distribution  
9 revenue associated with net metering for installations occurring on or after  
10 January 1, 2019. The amount of lost base distribution revenue shall be calculated  
11 based on the cumulative net metering installations from January 1, 2019 forward  
12 unless a different recovery methodology is adopted by the Commission in Docket  
13 No. DE 20-136, Recovery Mechanism and Rate Treatment for Net Metering and  
14 Group Host Costs, or any other docket. The RRA shall recover lost base  
15 distribution revenues beginning as of January 1, 2019.

16 Consistent with the Commission's approval of the Settlement, Attachment YC/SRA-5,  
17 Page 5, summarizes the actual displaced LBR due to Net Metering for the period January  
18 1, 2023 to December 31, 2023, resulting in a \$2,215,602 revenue requirement, and  
19 represents the revenue due to displaced kWh during 2023 for all customer installations  
20 beginning on January 1, 2019.

1 **Storm Cost Amortization Reconciliation**

2 **Q. Please describe the detailed support for the calculation of the Storm Cost**  
3 **Amortization Reconciliation included in pages 5 and 6 of Attachment YC/SRA-6.**

4 A. Per Order No. 26,433, to comply with the intent of Section 9.1(e) of the Settlement, the  
5 Company has prepared Attachment YC/SRA-6 to recover or refund the Storm Cost  
6 Amortization Reconciliation through the RRA. Section 9.1(e) of the Settlement states the  
7 following:

8 Storm cost amortization final reconciliation and annual reconciliation updated for  
9 actual cost of long-term debt. The RRA shall be used to reconcile the recovery  
10 amount of the storm costs through December 31, 2018, which are included for  
11 recovery as part of the temporary rate increase. Consistent with the temporary rate  
12 settlement, the \$68.5 million currently being recovered over five years shall be  
13 reconciled based on final actual costs, including any audit adjustments, and to  
14 reflect the actual cost of debt over time. As part of the temporary rate settlement  
15 agreement, PSNH began amortizing the unrecovered storm costs as of December  
16 31, 2018, which were estimated to be \$68,474,355, over a five-year period  
17 beginning August 1, 2019. As of August 1, 2019, PSNH began applying a  
18 carrying charge on these storms equal to its embedded cost of long-term debt. On

1 an annual basis through July 31, 2024, the RRA shall reconcile the amortization  
2 amount to adjust for the Company's actual cost of long-term debt interest rate as  
3 filed in the Company's Form F-1 on a quarterly basis.

4 Consistent with the Settlement, Attachment YC/SRA-6, Page 5, reflects the Storm Cost  
5 Amortization Return amount recovered in base distribution rates for the period January 1,  
6 2023 to December 31, 2023, as compared to the recalculated Storm Cost Amortization  
7 Return amount using actual long-term debt interest rates for the period January 1, 2023 to  
8 December 31, 2023. The difference of (\$147,087) will be refunded to customers through  
9 the RRA rate.

10 **Q. Please explain whether any storm costs and associated carrying charges incurred**  
11 **after December 31, 2018 are included in this storm cost amortization reconciliation.**

12 A. No. The \$68.5 million being amortized beginning on August 1, 2019 reflected the  
13 shortfall between the storm fund account collected from customers and the deferred storm  
14 costs and carrying charges through December 31, 2018. Any storm costs and associated  
15 carrying charges incurred after December 31, 2018 are reconciled once the Commission  
16 approves the storm costs and the amount collected in the storm fund is used to offset  
17 those additional costs.

18 **Rate Case Expense Amortization Reconciliation**

19 **Q. Please describe the detailed support for the calculation of the Rate Case Expense**  
20 **Amortization Reconciliation included in page 4 of Attachment YC/SRA-7.**

A. Per the Rate Case Expense Settlement Agreement negotiated by the parties in Docket No. DE 19-057, filed with and approved by the Commission, the settled Rate Case Expense amount of \$1,762,807 is amortized over five years - an annual Rate Case Expense amortization amount of \$352,561 for recovery through the RRA. The proposed Rate Case Expense amortization recovery amount of \$352,561 proposed in this docket is the third year of the Commission approved five-year amortization period.

1 **Q. Did the Company include Accumulated Deferred Income Taxes (ADIT) in its**  
2 **calculation of carrying charges as part of this filing?**

3 A. No. In compliance with Settlement Section 9.2,<sup>8</sup> as approved in Order No. 26,433 and  
4 consistent with prior RRA filings, ADIT is not included in the carrying charge calculation  
5 of over- or under-recoveries.

6 **Q. How has the Company allocated the total average RRA rate to each rate class?**

7 A. The Company has allocated the total average RRA rate to each class using the same  
8 allocation methodology used to allocate prior step rate adjustments and RRA  
9 adjustments. That is, the Company calculated an equal percentage change to each rate  
10 class and set rates using the target revenue determined for each rate class. Attachment  
11 YC/SRA-8, page 3 provides the revenue allocation to each rate class and page 4  
12 calculates the kWh or kW rates for each rate class. The proposed rates are included on  
13 page 1 of Attachment YC/SRA-8.

---

<sup>8</sup> Settlement, Bates page 18.

1 **Q. Has the Company included rate exhibits and calculations of the customer bill**  
2 **impacts for the proposed August 1, 2024 RRA rate change?**

3 A. Yes, this detail is provided in Attachment YC/SRA-8.

4 • Page 5 provides a comparison of residential rates proposed for effect August 1,  
5 2024 to current rates effective February 1, 2024 for a 550 kWh monthly bill, a  
6 600 kWh monthly bill, and a 650 kWh monthly bill. The impact of the RRA rate  
7 change on the total bill of a 600 kWh residential customer is a bill reduction of  
8 \$0.54, or -0.4%.

9 • Page 6 provides a comparison of residential rates proposed for effect August 1,  
10 2024 to rates effective August 1, 2023 for a 550 kWh monthly bill, a 600 kWh  
11 monthly bill, and a 650 kWh monthly bill.

12 • Page 7 provides the average impact of each change on bills for all rate classes by  
13 rate component on a total bill basis, excluding energy service.

14 • Page 8 provides the average impact of each change on bills for all rate classes by  
15 rate component on a total bill basis, including energy service.

16 The rate impacts provided in Attachment YC/SRA-8 incorporate the most current rate  
17 changes reflecting the (i) Energy Service rates reflecting rate changes approved in Order  
18 Nos. 26,920 in Docket No. DE 23-043 and in effect as of February 1, 2024; (ii) the  
19 Stranded Cost Recovery Charge rates reflecting rate changes approved in Order No.  
20 26,938 in Docket No. DE 23-091 and in effect as of February 1, 2024; (iii) the



1 Transmission Cost Adjustment Mechanism rates reflecting rate changes approved in  
2 Order No. 26,888 in Docket No. DE 23-070 and in effect as of October 1, 2023; (iv) the  
3 System Benefits Charge rates reflecting rate changes approved in Order Nos. 26,908 and  
4 26,922 in Docket Nos. DE 23-068 and DE 23-080 in effect as of January 1, 2024; (v) the  
5 Pole Plant Adjustment Mechanism rates reflecting rate changes approved in Order 26,892  
6 in Docket No. DE 23-075 and in effect October 1, 2023; and (vi) the RRA rate changes  
7 proposed in this filing. Revised rates will be proposed at a later date to incorporate the  
8 default Energy Service rates for effect on August 1, 2024 in Docket No. DE 24-046.

9 **Q. Has the Company provided updated Tariff pages as part of this filing?**

10 A. Yes. Updated tariff pages are provided in Attachment YC/SRA-9.

11  
12 **V. CONCLUSION**

13 **Q. Does Eversource require Commission approval of the RRA rate billed to customers**  
14 **by a specific date?**

15 A. Yes, Eversource requires final approval of the RRA rate by July 25, 2024, to implement  
16 the new rates for service rendered on and after August 1, 2024.

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

18 A. Yes, it does.