

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 24-070
REQUEST FOR CHANGE IN RATES

DIRECT TESTIMONY OF

Edward A. David

Permanent Rates and Tariff Changes

On behalf of Public Service Company of New Hampshire

d/b/a Eversource Energy

June 11, 2024

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PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

d/b/a EVERSOURCE ENERGY

REQUEST FOR CHANGE IN RATES

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Docket No. DE 24-070

1 **I. INTRODUCTION**

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

3 A. My name is Edward A. Davis. I am employed by Eversource Energy Service Company as
4 the Director of Rates. In this position, I provide support to Public Service Company of
5 New Hampshire, d/b/a Eversource Energy (“PSNH” or the “Company”). My business
6 address is 107 Selden Street, Berlin, Connecticut.

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

8 A. As the Director of Rates, I am responsible for activities related to rate design, cost of service
9 and rates administration for all electric and gas subsidiaries of Eversource Energy,
10 including PSNH.

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

2 A. I hold a Bachelor of Science degree in Electrical Engineering from University of Hartford
3 and a Master of Business Administration degree from the University of Connecticut. I
4 joined Northeast Utilities in 1979 and have held various positions in the areas of consumer
5 economics, engineering and operations, wholesale and retail marketing and rate design,
6 regulation and administration.

7 **Q. Have you testified previously before the New Hampshire Public Utilities Commission**
8 **or other regulatory bodies?**

9 A. Yes. I have testified before the New Hampshire Public Utilities Commission
10 (“Commission”) on behalf of PSNH, and at the state utility commissions in Connecticut
11 and Massachusetts on behalf of other Eversource Energy companies on rate related matters.

12 **II. SCOPE AND PURPOSE**

13 **Q. What is the purpose of your testimony?**

14 A. The purpose of my testimony is to present the Company’s requested changes to permanent
15 base distribution rates and corresponding tariff changes, consistent with the revenue
16 requirements proposals presented in the revenue requirements testimony of Ashley N.
17 Botelho and Yi-An Chen (“Permanent Rate Revenue-Requirement Analysis”). Details and
18 timing for implementation of these rates and mechanisms are discussed in that testimony.

19 In support of the Company’s permanent rate proposals, I will discuss the following:

- 20 • The determination of class revenue requirements using cost study results to
21 incorporate the proposed distribution revenue changes into permanent base rates;

1 **III. COST OF SERVICE STUDIES**

2 **Q. Please describe the cost-of-service studies submitted in support of the Company's rate**
3 **filing.**

4 A. As required by the Commission, the Company has submitted the results of two cost-of-
5 service studies in support of its rate case. The first is the Allocated Cost-of-Service Study
6 ("ACOSS"), which includes both a "per books" and a "proforma" study, and the second is
7 a Marginal Cost-of-Service Study ("MCOSS"). These studies and discussion of their
8 results and applications are provided in the testimonies of Amparo Nieto.

9 **Q. How did the Company utilize the cost-of-service study results when developing its**
10 **proposed rates?**

11 A. The Company's proposed permanent rate changes have been designed to recover the
12 distribution revenue operating deficiency and to set permanent distribution rates consistent
13 with the cost of providing service to customers in each rate class, as informed by the cost
14 studies submitted by Ms. Nieto. Accordingly, the Company developed proposed,
15 permanent distribution rates by allocating the revenue increases and designing rates for
16 each rate class in a manner that achieves a balance among a number of rate design
17 objectives. The Company's proposed revenue allocation and rate design are described
18 further in Section IV of my testimony.

19 **IV. REVENUE ALLOCATION AND RATE DESIGN**

20 **Q. Please provide an overview of the Company's rate proposal.**

21 A. The Company's rate design starts with the allocation of the Company's total distribution
22 revenue requirement. The methodologies applied seek to provide an equitable allocation of
23 the cost to provide service to customers in each class and reflect application of previously

1 accepted allocated cost of service methodologies using updated customer, demands and
2 accounting cost information. At a class level, the Company has also incorporated insights
3 from the 2024 MCOSS conducted by Ms. Nieto.

4 **Q. Could you please discuss the basis upon which class distribution revenue**
5 **requirements have been determined?**

6 A. Distribution rates for each rate class have been designed using the allocations of the total
7 distribution revenue requirements shown in Attachment ES-EAD-11. The Company relied
8 primarily on the fully allocated, total class revenue requirements from the ACOSS
9 conducted by Ms. Nieto to allocate revenue requirements to each rate class, with
10 modifications to avoid unacceptable bill impacts. To begin, Attachment ES-EAD-11
11 shows that the class distribution revenue under current rates have been increased by a
12 uniform factor to match the permanent distribution revenue requirement. This result is then
13 easily compared to the class revenue requirement that the ACOSS recommends for each
14 class. The Company then established allocation amounts which moved each proposed class
15 revenue requirement closer to the ACOSS class revenue recommendation. In doing so, the
16 Company sought to strike a balance among several key principles of rate making. A
17 primary goal was to set a revenue requirement for each class consistent with the principles
18 of cost causation and each class's respective cost of service. Secondly, while the cost-of-
19 service analyses informed the extent of current revenue deficiency or excess for each class,
20 the Company considered the impact on overall customer bills in moving the class revenue
21 requirement closer to cost of service. The Company has applied differing degrees of
22 gradualism with respect to the target level of revenue requirement by class and resulting
23 overall impact on customer bills.

1 The Company determined that the proposed rate levels by class represent a more equitable
2 and fair allocation of distribution revenue requirements among rate classes as compared
3 with the status quo. As a long-term goal, the Company strives to continue to move each
4 class toward its respective cost of service, while monitoring changes in cost responsibility
5 that should be reflected in determination of such future revenue requirements.

6 **Q. Please provide an overall summary of the Company’s proposed rates.**

7 A. Table 2 provides an overall summary of proposed changes to rates for each major customer
8 class. Additional information supporting this summary is provided in Attachment
9 ES-EAD-13, entitled “Report of Proposed Rate Changes.” This report fulfills the
10 requirement of Puc Rule 1604.02(a)(2) and 1608.02(c)(9) and provides a high-level
11 summary of changes to both distribution and overall rates proposed by the Company, as
12 well as additional information about current rates and revenue for other components of
13 service. Current rates are those in effect at the time of this filing.

Table 2: Summary of Proposed Rate Changes (\$000)

Rate Class	Current Revenue	Proposed Revenue	Change	Percent Change
Residential Rate R & R-OTOD2	\$696,306	\$813,433	\$117,128	16.8%
General Service Rate G & G-TOD	310,226	346,130	35,904	11.6%
Primary General Service Rate GV & EV-2	304,698	321,665	16,967	5.6%
Large General Service Rate LG	202,144	211,743	9,598	4.8%
Outdoor Lighting OL & EOL, EOL-2	9,462	11,763	2,301	24.3%
Total	\$1,522,836	\$1,704,735	\$181,899	11.9%

1 **Q. What is the basis upon which proposed rates have been developed?**

2 A. Evaluation of the marginal cost to serve customers, in combination with the allocation of
3 revenue requirements to customer classes, has been considered in the design of rates for
4 each rate class. The current and proposed revenues for all components of service are
5 provided for each rate class in Attachment ES-EAD-15, pages 1 and 2. A summary of the
6 current and proposed distribution rates is provided in Attachment ES-EAD-12. More
7 detailed calculations of current and proposed revenue and the calculation of rates are
8 provided in Attachment ES-EAD-15, pages 3-12.

9 In designing rates, the Company has maintained the current rate structures of each rate
10 class, in terms of rate components and time of use periods where they exist. The Company
11 recognizes that current structures for distribution rates are mainly the result of the process
12 of unbundling rates and changes to rates determined through a number of overall rate
13 changes which may not result in entirely cost-reflective rate structures for all customer
14 classes. The decision to maintain current rate structures at this time is based on ensuring
15 customer understanding and acceptability while recognizing the limitations of the
16 Company's existing billing system and metering capabilities. As billing and metering
17 capabilities increase and more customers show interest in more advanced rate structures,
18 the Company will explore further expansion of new service offerings and potential
19 refinements of existing rates, such as regarding time-of-use periods. Customers have
20 become familiar with current rate structures, and it is important to assure that any further
21 changes to rates are understandable and reflect an appropriate level of continuity and

1 gradualism. These considerations are measured and evaluated in several ways, including
2 with respect to the setting of specific charges within each rate, and the impact on customer
3 bills both at a class level and among customers within a class. The Company has worked
4 to strike a balance among these considerations and objectives in its rate proposal.

5 **Q. Please discuss the Company's proposal for changes to rates in each of its rate classes.**

6 A. The following is a summary of the requested changes in rates for each rate class:

7 Rate R Power & Light:

8 After adjusting the Rate R current class revenue up to collect its current share of the
9 permanent revenue requirement, we see from the ACOS results that it was still below the
10 cost study revenue using the ACOS allocators. Therefore, the Company determined it was
11 appropriate to allocate, within bounds, an additional +2.32% incremental allocation. Rate
12 R contains two billing elements over which the revenue increase can be allocated –the
13 Customer Charge and the volumetric rate per kWh. The MCOS results show that the
14 marginal customer cost for Rate R is \$18.14. When increasing the proposed Rate R rates
15 from current rates by an equi-proportional amount, the Customer Charge would increase
16 from \$13.81 per month to \$19.81 per month. We believe this is reasonable. The balance
17 of the residential distribution rate increase (i.e., the +2.32% incremental allocation per the
18 MCOS) will be collected via the per kWh charge. The bill impacts to Rate R customers is
19 shown in Attachment ES-EAD-13. These represent the full incremental increase from
20 Current to Permanent rates of 16.89%. Relative to temporary rates, the average total impact
21 to Rate R customers is 9.64%.

1 Rate R OTOD2

2 The allocation of revenue requirement to this class follows that of Rate R. The Company
3 increased the Customer Charge to be set at the levels called for by the equi-proportional
4 percentage increase needed to bring the class revenue up to its current allocation of the
5 permanent revenue requirement, \$46.03. Identical to the method of allocating the
6 incremental +2.32% Rate R revenue requirement, the Company proposes to collect this
7 Rate R-OTOD2 incremental amount via the kWh charges. To maintain consistency with
8 current rates, the Company kept the current peak to off-peak price differential between
9 peak and off-peak kWh rates and maintained the current TOD period when setting
10 permanent rates. The bill impact to Rate R OTOD2 customers is shown in Attachment
11 ES-EAD-13. Relative to current rates, the average impact to Rate R OTOD2 customers is
12 15.59 percent. Relative to temporary rates, the average impact to Rate R OTOD2
13 customers is 6.22 percent.

14 Water Heating

15 To set the revenue requirement of water heating rates, the Company applied a greater than
16 average increase reflecting the ACOS result. The incremental allocation was +6.00%
17 above the proposed class revenue established to bring the class revenue up to permanent
18 rate levels. In prior dockets, the Company had combine the rates of Controlled and
19 Uncontrolled Water Heating service and no longer controls water heating. Following the
20 same method of adjustment to the Customer Charge as described above with Rate R and
21 Rate R-OTOD2, the Company increased the Customer Charge to be set at the levels called
22 for by the equi-proportional percentage increase needed to bring the class revenue up to its

1 current allocation of the permanent revenue requirement, \$6.99. Consistent with the other
2 residential classes described above, the Company proposes to collect the incremental
3 allocation called for by the ACOS via the kWh charge.

4 Rate G also has Water Heating sub-rates that were set identical to the Water Heating sub-
5 rates of Rate R. To maintain consistent rates, those water heating rates followed the same
6 process.

7 Load Control Service (“LCS”)

8 As with the other Residential rates and sub-rates, the ACOS results recommended
9 additional revenue be shifted to this category of service. This is a relatively small sub-rate
10 of Residential Rate R and is also offered under the General Service Rate G tariff. The
11 ACOS results recommended a large shift to this class, although the dollars are relatively
12 modest. LCS service revenues currently are less than 0.2 percent of all distribution
13 revenue. The Company has proposed to bring this class up to the permanent revenue
14 requirement level using the same uniform percentage increase as all classes and then
15 allocates an additional 15 percent to the class to move directionally consistent with the
16 ACOS results. Here, the LCS rates are all adjusted by the same percentage to meet the
17 permanent class revenue target established by the Company.

18 Rate G P&L:

19 As opposed to the Residential Service rates where the ACOS results called for incremental
20 revenue to be allocated into those classes, the General Service Rate G and remaining
21 classes all had ACOS results that call for incremental revenue to be moved out of those

1 rate classes after the initial across-the-board increase to bring all current class revenues up
2 to the new permanent revenue requirement.

3 That is not to say that Rate G and the other remaining classes will see bill reductions. As
4 part of the two-step revenue adjustment process shown in Attachment ES-EAD-11 the
5 initial equi-proportional increase to all classes to bring the Company revenues up from
6 current revenue to the permanent revenue requirement is followed by incremental
7 downward revenue adjustments moving some revenue out of the rate classes.

8 For Rate G and Rate G-OTOD specifically, the ACOS recommends moving money out of
9 the rate classes and the Company has complied directionally and proposes to reduce these
10 classes by 4.50 percent.

11 The revenue from customer charges, demand charges and energy charges are all decreased
12 proportionally to minimize bill impacts to customers who may have different usage
13 characteristics.

14 Also, as part of the settlement agreement approved by the Commission in Docket
15 No. 19-057, the Company committed to elimination of kW and kWh block pricing. For
16 Rate G, the three-block declining kWh rates have been converted into a single kWh rate.
17 Relative to current rates, the average impact to Rate G customers is 11.56 percent. Relative
18 to temporary rates, the average impact to Rate G customers is an incremental 5.52 percent.

1 Rate G-OTOD:

2 As noted above, the ACOS recommends moving revenue out of the Rate G-OTOD and the
3 Company has complied directionally and proposes to reduce this class by 4.50 percent.

4 Rate component adjustments are all decreased proportionally so the Distribution customer
5 charge revenue, demand charge revenue and energy charge revenue are all kept
6 proportional to existing revenue relationships. As with Rate R-OTOD2, we kept the peak
7 and off-peak price differential between peak and off-peak kWh rates for Rate G-OTOD.

8 G- Space Heating

9 The ACOS results also recommended lowering the Rate G – space heating class revenue
10 after it had been adjusted for the increase needed for each class to generate the permanent
11 revenue requirement. The Company followed these study result directionally and proposes
12 to move 1.80 percent of revenue out of this very small sub-rate class. Adjustments to the
13 component rates were applied uniformly to maintain existing structure relationships
14 between the Customer charge and kWh-based Distribution charge.

15 Primary General Service – Rate GV

16 The Rate GV ACOS results also call for an incremental reduction in the class revenue
17 requirement after it had been adjusted for the increase needed for each class to generate the
18 permanent revenue requirement. The Company proposes to move 3.00 percent out of this
19 class. All rate components were initially adjusted downward equi-proportionally. The
20 final change eliminates the declining block structure of the demand charge and energy

1 charge. Relative to current rates, the average impact to Rate GV customers is 5.57 percent.

2 Relative to temporary rates, the average impact to Rate GV customers is 2.89 percent.

3 Large General Service – Rate LG

4 Rate LG ACOS results also called for a reduction in the class revenue requirement after it
5 had first been adjusted for the increase needed for each class to generate the permanent
6 revenue requirement. The Company proposes to move 0.40 percent out of this class. All
7 rate components were adjusted downward equi-proportionally. As with the other rate
8 classes that employ peak and off-peak energy charges, we kept the peak and off-peak price
9 differential between peak and off-peak kWh rates for Rate LG. Relative to current rates,
10 the average impact to Rate LG customers is 4.75 percent. Relative to temporary rates, the
11 average impact to Rate LG customers is 2.67 percent.

12 Backup and Supplemental Service – Rate B

13 Rate B administrative charge, translation charge and distribution demand charge are
14 identical for customers assigned to this rate class from Rate GV and Rate LG. Energy rates
15 tie to energy rates of Rate GV and Rate LG. The ACOS results indicate a reduction in the
16 class revenue requirement after it had been adjusted for the increase needed for each class
17 to generate the permanent revenue requirement. The Company proposes to reduce the
18 administrative charge, translation charge and distribution demand charge using billing
19 determinants from Rate B(GV) customers and Rate B(LG) customers to calculate a
20 weighted-average reduction to these rates. Energy (i.e., kWh-based) rates continued to be
21 tied to the underlying Rate GV and Rate LG energy rates and reflect reductions to those
22 rates consistent with reductions to the kWh charges in Rate GV and Rate LG.

1 Outdoor Lighting – Rate OL and Rate EOL

2 Rate OL/EOL/EOL-2 ACOS results also called for an incremental reduction in the overall
3 lighting class revenue requirement after it had been adjusted for the increase needed for
4 each class to generate the permanent revenue requirement. All adjustments are based on
5 current rates for each of the offerings under Rate OL, EOL and EOL2, as established under
6 the new structure approved by the Commission in Docket No. DE 19-057. The Company
7 proposes to move 5.00 percent out of this class, by adjusting all current rate components
8 downward, equi-proportionally.

9 **Q. Please describe the new LED floodlight service offerings in Rate OL.**

10 A. The Company has proposed three new LED floodlights for customers. While there are
11 existing flood lighting options currently available in Rate OL using older technologies,
12 those lights are less available as lighting manufacturers have stopped making those lights.
13 The Company proposes three new floodlights (119W, 199W, and 391W) that can take the
14 place of existing floodlights as those older technologies need replacement. These lights
15 have recently been available in Eversource service territories in Massachusetts and
16 Connecticut.

17 **Q. Please describe how you developed the proposed rates for the new lights.**

18 A. The rate development followed the same method used to establish all lights currently
19 offered in the Company's Rate OL and EOL lighting rate classes. The current rates were
20 last established using this method in Docket No. DE 22-030 (3rd Step Adjustment), filed
21 June 30, 2023. Four components of cost were established for the new flood lights in the
22 same way as the existing lights in that case. They include a fixed customer-related

1 component, a demand-related component which is a function of the lights wattage (kW), a
2 fixed LED O&M component and an equipment component based on the total installed cost
3 of each light. Attachment ES-EAD-16 demonstrates this consistent rate development by
4 showing existing LED lights and their component rate development from the June 30, 2023
5 filing and new LED floodlights using the same customer-related, demand-related and
6 O&M costs as well as installed equipment costs for the new floodlights. Each bundled
7 monthly distribution rate was then adjusted by the proposed permanent rate increase
8 proposed in this case demonstrating that the rates are all at a rate level that are comparable
9 and consistent with one another.

10 **Q. Has the Company offered these new floodlights under the All-Night and Midnight**
11 **Service options?**

12 A. Yes. The three new floodlights are available under either option. The monthly kWh per
13 luminaire was calculated consistent with the latest burn hours used for all other lights.

14 **V. CUSTOMER BILL IMPACTS**

15 **Q. Please summarize the rate changes and bill impacts associated with the Company's**
16 **proposal.**

17 A. Attachment ES-EAD-14 provides a comprehensive set of typical bill impact information,
18 representing a broad cross section of monthly usage and where appropriate demand levels
19 for customer in each rate class. The information for each class includes current and
20 proposed rates for all components of service and compares bills under current rates to bills
21 under proposed permanent rates at these various usage and demand levels.

1 **Q. Please describe the bill impact for a residential customer?**

2 A. Table 3 below summarizes the monthly bill impact for a typical residential customer using
3 600 kilowatt-hours per month. Under the Company’s permanent rate proposal, a residential
4 customer who consumes 600 kilowatt-hours of electricity per month will see an increase
5 to their current monthly bill of \$21.53, or 16.78 percent. Current and proposed rates and
6 the impacts of proposed rate changes for residential Rate R customers at this and other
7 usage levels is provided on page 1 of Attachment ES-EAD-14.

Monthly <u>Usage (kWh)</u>	Monthly Bill		<u>Change (\$)</u>	<u>Change (%)</u>
	<u>Current</u>	<u>Proposed</u>		
600	\$128.35	\$149.88	\$21.53	16.78%

8 **VI. DECOUPLING AND PERFORMANCE-BASED RATEMAKING**

9 **Q. Please describe the Company’s Decoupling proposal.**

10 A. Pursuant to the settlement agreement approved by the Commission in Docket No.
11 DE 19-057 the Company is submitting a decoupling framework¹, as described further
12 below. The Company is not requesting to implement such mechanism. Rather, the
13 Company seeks to prospectively discontinue applying the current partial decoupling
14 mechanisms, and is introducing a new, Performance-Based Rate (“PBR”) Mechanism

¹ Section 14.3 of the October 9, 2020 *Settlement Agreement on Permanent Distribution Rates*, submitted and approved by the Commission in Docket No. DE 19-057, states that “The Company shall propose a symmetrical decoupling mechanism in its next rate case.” This provision also states that “The Settling Parties acknowledge that provision does not necessarily constitute support of decoupling in principle nor support of any particular version of decoupling by any party, and does not prejudice any party’s right to oppose, or to seek to modify, such proposal in the next rate case.”

1 which it proposes to implement in conjunction with the rate changes proposed herein.
2 Additional details regarding the Company's PBR proposal and PBR Tariff, and of the
3 proposed decoupling mechanism design are discussed further, below.

4 Although the Company is proposing not to implement revenue decoupling as part of this
5 proceeding, the Company hereby submits a framework for a symmetrical revenue
6 decoupling mechanism ("RDM"), as required by the settlement agreement approved by the
7 Commission in Docket No. DE 19-057, should the commission seek to implement revenue
8 decoupling in this proceeding. Attachment ES-EAD-17 provides an illustration of how
9 this mechanism might apply, highlighting specifically the symmetrical features of its
10 design as shown in Scenarios A and B of the attachment.

11 The proposed mechanism is predicated on establishing class revenue requirements and
12 associated base distribution rates for each rate class, pursuant to a Distribution Rate Case.
13 For each Rate Year, the total Distribution revenue requirements upon which rates for each
14 rate class are set as the Annual Distribution Revenue Target for such Rate Year.
15 Subsequently, the total Actual Distribution Revenue from electricity sales to customers
16 during the Rate Year is compared with the corresponding Annual Distribution Revenue
17 Target. The difference between the Annual Distribution Revenue Target and total Actual
18 Distribution Revenue is charged or credited to all customers in the subsequent period on a
19 uniform per kWh basis, depending on whether the Actual Distribution Revenue is less than
20 or greater than the corresponding Annual Distribution Revenue Target.

1 The uniform credit or charge factor would be developed using billed kWh sales (which in
2 the illustration is predicated with sales from the design of initial rates, but which could
3 alternatively be adjusted to match forecast billed sales of the period in which the factor is
4 designed and to be in effect). The resulting factor would be applied during the applicable
5 rate year to billed sales of every customer, as either a charge or credit, as appropriate. If
6 revenue decoupling were implemented in conjunction with the Company's proposal to
7 implement PBR in this proceeding, the Annual Distribution Revenue Target would be
8 adjusted each year by application of the PBR formula, inclusive of the "K-Bar" adjustment
9 described in the testimony of Douglas W. Foley, Robert S. Coates, Jr., and Douglas P.
10 Horton ("Case Overview Testimony"). Alternatively, if PBR is not implemented as
11 requested by the Company, and revenue decoupling is implemented, the Annual
12 Distribution Revenue Target may also be adjusted each year through a methodology
13 authorized by the Commission (e.g., through a step adjustment to base rates).

14 **Q. Please describe the Company's proposed Performance-Based Ratemaking Tariff.**

15 A. In this Petition the Company introduces and proposes to implement a Performance-Based
16 Rate Making (PBR) mechanism. Complete testimony introducing and explaining the
17 Company's PBR proposal and details of this mechanism is provided in the Case Overview
18 Testimony. The Company's PBR proposal is also supported by Mark Kolesar and Dr.
19 Augie Ros. The proposed tariff for implementation of this proposed PBR mechanism is
20 provided herein as part of the clean and marked tariff in Attachment ES-EAD-8 and
21 Attachment ES-EAD-9, respectively. Further description and discussion of the provisions
22 of the proposed PBR tariff is provided in the Case Overview Testimony . If approved as

1 filed by the Commission, the proposed PBR tariff would become effective on August 1,
2 2025.

3 **Q. Are there any impacts to other rate mechanisms associated with implementing the**
4 **Company's proposed PBR Tariff?**

5 A. Utilization of new test year billing determinants results in a "reset" of the calculation of
6 Lost Base Revenue ("LBR") to zero. Prospectively, LBR associated with displaced sales
7 due to new energy efficiency measures would be determined and recovered through the
8 SBC, and LBR from displaced sales by new net metering installations would be determined
9 and recovered through the RRA. Under the PBR proposal submitted in this filing, the
10 Company would not seek additional recovery of such additional LBR for the period in
11 which PBR is in effect. The Company has included proposed amendments to Section (d)
12 of its Regulatory Reconciliation Adjustment (RRA), addressing residual LBR recovery and
13 discontinuance of further calculations and recovery of LBR associated with net metering
14 while the proposed PBR mechanism, if approved as filed, is in effect. Similar treatment
15 would be applied to LBR reflected in the SBC rate.

16 Additional provisions of the RRA are proposed to be amended, coincident with
17 implementation of the proposed PBR mechanism, specifically for section (b), vegetation
18 management section (c), property taxes and section (e), storm cost amortization. The
19 Company has also proposed to eliminate the Pole Purchase Adjustment Mechanism
20 ("PPAM") following the effective date of temporary rates in this proceeding. The
21 mechanisms will remain in effect to reconcile the actual costs incurred through July 31,
22 2024, before temporary rates take effect in this proceeding. Finally, a new provision,

1 section (f) regarding Storm Reserve Adjustment Mechanism, is proposed to be added to
2 the RRA. Details of these proposed changes to the RRA including timing are addressed in
3 the Permanent Rate Revenue-Requirement Analysis Testimony. Corresponding, proposed
4 changes to the tariff are provided in Attachment ES-EAD-14.

5 **Q. Are there are any other rate mechanisms the Company proposes to implement or**
6 **revise in this proceeding?**

7 A. In additional to the RRA and new PBR mechanisms discussed above, rates for all other
8 services the Company provides will continue to be addressed within their respective rate
9 making proceedings. The Company plans to address any changes to cost allocation and
10 rates for each of its reconciling mechanisms in respective, future rate filings.

11 **VII. TIMING AND IMPLEMENTATION OF RATE CHANGES**

12 **Q. Please discuss the timing of proposed rate changes.**

13 A. The Company's request for a Temporary rate change is August 1, 2024. Permanent rate
14 change are requested to become effective August 1, 2025. While a procedural schedule has
15 not yet been determined, at this time the Company anticipates review and approval by the
16 Commission would be completed during the summer of 2025 and has assumed that a
17 change to base rates pursuant to this Permanent rate request (i.e., a change between
18 Temporary and Permanent rates, as approved by the Commission) would be implemented
19 August 1, 2025. Under this timeframe, there would also be an element of "recoupment"
20 that reflects the revenue associated with the difference between Temporary and Permanent
21 rates during the period August 1, 2024 and August 1, 2025. The recoupment will also be

1 included in base rates beginning on this same date (i.e., August 1, 2025), and will continue
2 at a level and for a duration determined by the Commission.

3 **VIII. TARIFF UPDATES**

4 **Q. Is the Company seeking approval of other rate and tariff changes in this proceeding?**

5 A. The complete set of changes to the Company's tariff, including those identified earlier in
6 this testimony, are summarized in Attachment ES-EAD-10. In addition to Distribution rate
7 changes, the Company is introducing new provisions discussed above to incorporate the
8 PBR mechanism and changes to the RRA and is proposing changes to the tariff to reflect
9 introduction of new LED flood lights offerings, as described above. Additionally, the
10 Company proposes non-substantive changes to Rate B to enhance customer understanding,
11 and requests termination of Rate R-OTOD following its closure and completed migration
12 of all customers to Rate R or Rate R-OTOD2. The Company requests review and approval
13 by the Commission of these changes in the tariff, for an effective date of August 1, 2025.

14 **IX. CONCLUSION**

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

16 A. Yes, it does.