

**STATE OF NEW HAMPSHIRE**  
**BEFORE THE PUBLIC UTILITIES COMMISSION**  
**DIRECT TESTIMONY OF MARISA B. PARUTA 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, 2023 THROUGH JULY 31, 2024**

**May 1, 2023**

**Docket No. DE 23-021**

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1 **I. INTRODUCTION**

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

3 A. My name is Marisa B. Paruta. My business address is 107 Selden Street, Berlin,  
4 Connecticut. I am employed by Eversource Energy Service Company as the Director of  
5 New Hampshire and Connecticut Revenue Requirements and in that position, I provide  
6 service to Public Service Company of New Hampshire d/b/a Eversource Energy (“PSNH”,  
7 “Eversource” or the “Company”).

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

9 A. I received a Bachelor of Science degree in accounting from the University of Connecticut  
10 School of Business. I started my career at Arthur Andersen in the client audit and assurance  
11 practice, continuing at Deloitte in the same practice. I joined Northeast Utilities,  
12 Eversource Energy’s predecessor, in 2002. I worked in the accounting organization in  
13 multiple positions leading to the Director of Corporate Accounting and Financial Reporting

1 in 2015. I moved to the Regulatory and Revenue Requirements team in my current position  
2 in June 2021. I have been with Eversource Energy for over 20 years.

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

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

10 **Q. Ms. Paruta, 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 RRA  
13 filings submitted in Docket Nos. DE 21-029 and DE 22-010; Step 3 Adjustment filing in  
14 Docket No. DE 22-030; TCAM Rate filing in Docket No. DE 22-034; Recovery of Storm  
15 Expense filing in Docket No. DE 22-031; Energy Service rate filings in Docket No. DE  
16 22-021; and SCRC rate filings in Docket No. DE 22-039. I also testified before the  
17 Commission in Docket No. DE 20-092 pertaining to the 2022-2023 Energy Efficiency  
18 Plan and Docket No. DE 21-078 pertaining to the EV Make Ready/Demand Charge  
19 Alternatives.

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

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

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

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

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

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

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

16 A. I have testified many times before the Vermont Public Utility Commission, formerly  
17 known as the Public Service Board. While at CVPS, I testified before the Commission  
18 several times on behalf of Connecticut Valley Electric Company, a New Hampshire  
19 subsidiary utility of CVPS, prior to the sale of that utility to PSNH in 2004.

1 **II. OVERVIEW**

2 **Q. Ms. Paruta, what is the purpose of your testimony?**

3 A. The purpose of my testimony is to explain the various cost components included in the  
4 Company's third annual RRA. On December 15, 2020, the Commission issued Order  
5 No. 26,433 approving the Company's comprehensive base distribution rate case  
6 Settlement Agreement ("Settlement") filed on October 9, 2020 in Docket No. DE 19-057.  
7 Pursuant to Section 9 of the Settlement<sup>1</sup> and Order No. 26,433, the Company filed on  
8 March 1, 2023 the reports of its reliability statistics, vegetation management activities  
9 and a request for the Commission to open a docket to implement the Company's RRA  
10 rate change to allow for recovery from customers of the costs reflected in the RRA  
11 revenue requirement identified in Attachments MBP/SRA-1 to MBP/SRA-7. The RRA  
12 cost components are described below:

13 a. Regulatory Commission annual assessments and consultant costs incurred  
14 by the Commission, the Department of Energy ("DOE"), and Office of  
15 Consumer Advocate ("OCA"). In accordance with RSA 363-A:6,  
16 amounts above or below the total DOE assessment, less amounts charged  
17 to Base Distribution and ES rates, shall be recovered or refunded through  
18 the RRA. Additionally, charges related to legal and/or outside consulting  
19 service charges related to DOE approved special assessments assessed by  
20 the DOE to the Company for the expenses of experts employed by the

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

1 Commission, the DOE, and OCA pursuant to the provisions of RSA  
2 365:37, II, RSA 365:38-a, and RSA 363:28, III shall also be recovered  
3 through the RRA.

4 b. Vegetation Management Program (“VMP”) variances described in Section  
5 6 of the Settlement<sup>2</sup> shall include the calendar year over- or under-  
6 collection from the Company’s VMP.

7 c. Property tax expenses and related over- or under-recoveries, as compared  
8 to the amount of property tax expense in base distribution rates, and  
9 consistent with RSA 72:8-e, shall be adjusted annually through the RRA.

10 d. Lost-base distribution revenues associated with net metering, calculated  
11 consistent with RSA 362-A:9, VII and the Commission’s approved Docket  
12 No. DE 16-576 method in Order No. 26,029 (June 23, 2017), is the  
13 amount of lost base distribution revenue recovered through the RRA based  
14 on the cumulative net metering installations beginning on January 1, 2019  
15 and going forward. In this RRA proceeding, the Company proposes to  
16 recover lost-base distribution revenues associated with net metering for  
17 calendar year 2022.

18 e. Storm cost amortization final reconciliation and annual reconciliation  
19 updated for actual cost of long-term debt for storm costs through

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

1 December 31, 2018. As of August 1, 2019, the Company began to (i)  
2 amortize the storm costs through 2018 over five years through July 31,  
3 2024; and (ii) apply a carrying charge to the unamortized balance of those  
4 storm expenses equal to its embedded cost of long-term debt. On an  
5 annual basis through July 31, 2024, the RRA will reconcile the storm cost  
6 amortization amount to adjust for the Company's actual cost of long-term  
7 debt interest rate as filed in the Company's Form F-1 on a quarterly basis.

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

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

13  
14 A. As described by Ms. Paruta in part d. above regarding lost-base distribution revenues  
15 associated with net metering, I describe and support the Company's calculation of lost-  
16 base distribution revenues associated with net metering in separate testimony and  
17 attachments in compliance with the method prescribed in RSA 362-A:9, VII and  
18 approved by the Commission in Order No. 26,029 in Docket No. DE 16-576. The  
19 detailed calculation of lost-base distribution revenues associated with net metering for

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

1 calendar year 2022 is provided in Attachment SRA-2 and SRA-3, “Calculation of Lost  
2 Base Revenues due to Net Metering”, accompanying my separate testimony.

3 In addition, the Company has prepared bill impacts and tariff changes reflecting the  
4 proposed RRA revenue requirement and rate presented here. The bill impacts and tariff  
5 changes encompassing all rate changes are provided in Attachments MBP/SRA-8 and  
6 MBP/SRA-9.

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

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

12 **III. RRA ATTACHMENTS**

13 **Q. Please summarize the Company’s request.**

14 A. Eversource’s calculation of the RRA revenue requirement for effect August 1, 2023 is  
15 \$2,593,483, which represents a 0.5% increase in the total RRA revenue requirement when  
16 compared to prior year. As described in more detail in testimony below, the proposed  
17 overall average rate is largely driven by under-recoveries in DOE regulatory assessment  
18 and consultant expenses, Property Tax expense, Lost Base Revenue due to Net Metering,

1 and rate case expense amortization; partially offset by over recoveries of VMP expenses  
2 and storm cost amortization offset.

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

5 A. The RRA allows for the recovery or refund of certain costs under the Settlement terms as  
6 agreed to and approved by the Commission in Order Nos. 26,433 and 26,634, as noted  
7 above. RRA costs calculated and proposed for recovery or refund in this proceeding  
8 include the following:

9 1. **Attachment MBP/SRA-1** is a four-page summary that identifies an under-  
10 recovery of the overall RRA revenue requirement and average rate of the six  
11 individual components included in the RRA mechanism as described in the table  
12 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, 2023 to July 31, 2024
3	Projected overall RRA reconciliation for the current twelve-month period August 1, 2022 to July 31, 2023 (8 months actual/4 months estimated)
4	Actual overall RRA reconciliation for the prior twelve-month period August 1, 2021 to July 31, 2022

13  
14 2. **Attachment MBP/SRA-2** is a six-page summary that identifies an under-  
15 recovery of DOE regulatory assessments and outside consultant costs hired or

1 retained by the Commission, DOE, and OCA in calendar year 2022 and proposed  
2 for 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, 2023 to July 31, 2024
3	Projected DOE regulatory assessments and consultant cost reconciliation for the current twelve-month period August 1, 2022 to July 31, 2023 (8 months actual/4 months estimated)
4	Actual DOE regulatory assessments and consultant cost reconciliation for the prior twelve-month period August 1, 2021 to July 31, 2022
5	DOE regulatory assessments and consultant cost calculation in excess of base distribution rate recovery for calendar year 2022
6	DOE regulatory assessments and consultant cost invoice listing of various recoverable regulatory initiatives for calendar year 2022

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4 3. **Attachment MBP/SRA-3** is a five-page summary that identifies an (over)  
5 recovery of the Vegetation Management Program (“VMP”) costs in calendar year  
6 2022, that is proposed to be carried over into the 2023 VMP year to serve as an  
7 offset,<sup>4</sup> 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, 2023 to July 31, 2024, with carry over proposal
3	Projected VMP reconciliation for the current twelve-month period August 1, 2022 to July 31, 2023 (8 months actual/4 months estimated)
4	Actual VMP reconciliation for the prior twelve-month period August 1, 2021 to July 31, 2022

<sup>4</sup> Settlement Section 6.2 (c), Bates pages 11-12.

5	Net VMP cost calculation – Company requests carry over of underspent 2022 VMP amount to calendar year 2023 VMP budgets <sup>5</sup>
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4. **Attachment MBP/SRA-4** is a six-page summary that identifies an under-recovery of the cost of Property Tax expense to be recovered through the RRA mechanism in accordance with Section 9.1(c) of the Settlement and Order No.

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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, 2023 to July 31, 2024
3	Projected Property tax expense reconciliation for the current twelve-month period August 1, 2022 to July 31, 2023 (8 months actual/4 months estimated)
4	Actual Property tax expense reconciliation for the prior twelve-month period August 1, 2021 to July 31, 2022
5	Property tax expense calculation in excess of base distribution rate recovery for calendar year 2022
6	Actual Property tax expense summary schedule by City/Town for calendar year 2022

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5. **Attachment MBP/SRA-5** is a five-page summary that identifies an under-

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recovery of the cost of the Lost Base Revenue (“LBR”) due to Net Metering in

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calendar year 2022 and proposed to be recovered through the RRA mechanism as

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described in the table below:

Page Number	Description
1	Lost Base Revenue due to Net Metering revenue requirement and illustrative average rate

<sup>5</sup> Settlement Section 9.1 (b), Bates page 15.

2	Estimated Lost Base Revenue due to Net Metering reconciliation for the forecast twelve-month period August 1, 2023 to July 31, 2024
3	Projected Lost Base Revenue due to Net Metering reconciliation for the current twelve-month period August 1, 2022 to July 31, 2023 (8 months actual/4 months estimated)
4	Actual Lost Base Revenue due to Net Metering reconciliation for the prior twelve-month period August 1, 2021 to July 31, 2022
5	Lost Base Revenue due to Net Metering summary calculation by rate class for calendar year 2022

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6. **Attachment MBP/SRA-6** is a six-page summary that identifies an (over)

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recovery of the cost of Storm Cost amortization to be refunded through the RRA

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mechanism as described in the table below:

Page Number	Description
1	Storm cost amortization requirement and illustrative average rate
2	Estimated Storm cost amortization reconciliation for the forecast twelve-month period August 1, 2023 to July 31, 2024
3	Projected Storm cost amortization reconciliation for the current twelve-month period August 1, 2022 to July 31, 2023 (8 months actual/4 months estimated)
4	Actual Storm cost amortization reconciliation for the prior twelve-month period August 1, 2021 to July 31, 2022
5	Storm cost amortization calculation in excess of base distribution rate recovery for calendar year 2022
6	Storm cost amortization recalculation/reconciliation schedule for calendar year 2022

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7. **Attachment MBP/SRA-7** is a four-page summary that identifies an under-

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recovery of the cost of rate case expense amortization to be recovered through the

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RRA mechanism as described in the table below:

Page Number	Description
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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, 2023 to July 31, 2024
3	Projected Rate case expense amortization reconciliation for the current twelve-month period August 1, 2022 to July 31, 2023 (8 months actual/4 months estimated)
4	Rate case expense amortization calculation schedule per Order No. 26,634

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8. **Attachment MBP/SRA-8** is an eight-page exhibit that calculates the rates by rate class and provides the Rate R bill impacts due to the proposed RRA rate change.

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9. **Attachment MBP/SRA-9** is a 39-page exhibit that reflects the tariff changes due to the proposed RRA rate adjustments.

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

A. Attachments MBP/SRA-1 to MBP/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, 2022 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 and DE 22-010, the Company proposes for recovery the overall RRA revenue requirement and average rate of \$0.00033 per kWh.

<b>Regulatory Reconciliation Adjustment (RRA) Rate (Average \$ per kWh)</b>				
<b>RRA Cost Category</b>	<b>DE 21-029 Approved Rate Order No. 26,503 (July 30, 2021)</b>	<b>DE 21-029 Approved Rate Order No. 26,570 (January 25, 2022)</b>	<b>DE 22-010 Approved Rate Order No. 26,653 (July 26, 2022)</b>	<b>DE 23-021 Proposed Rate</b>
DOE Assessment/Consultant Costs	\$0.00006	\$0.00006	\$0.00007	\$0.00026
Vegetation Management Program (VMP)	\$(0.00045)	\$(0.00067)	\$(0.00011)	\$(0.00008)
Property Tax Expense	\$0.00027	\$0.00027	\$0.00028	\$0.00001
LBR due to Net Metering	\$0.00004	\$0.00004	\$0.00007	\$0.00014
Storm Cost Amortization Reconciliation	\$(0.00003)	\$(0.00003)	\$(0.00003)	\$(0.00005)
Rate Case Expense Amortization	N/A	N/A	\$0.00005	\$0.00005
<b>Total Average RRA<sup>6</sup></b>	<b>\$(0.00012)</b>	<b>\$(0.00035)</b>	<b>\$0.00034</b>	<b>\$0.00033</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 **MBP/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 MBP/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:

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<sup>6</sup> Numbers may not add due to rounding; Commission approves Total Average RRA rate only.

1 Regulatory Commission annual assessments and consultants hired or retained by  
2 the Commission and OCA. In accordance with RSA 363-A:6, amounts above or  
3 below the total Commission assessment, less amounts charged to base distribution  
4 and default Energy Service, shall be recovered through the RRA. The amount in  
5 base distribution rates pertaining to Commission assessments is **\$5,220,056**  
6 reflecting the fiscal year 2020 assessment to PSNH and **excludes \$10,000**, which  
7 is recovered through the default Energy Service rate per Docket No. DE 14-238  
8 and RSA 363-A:2, III. Additionally, legal and consulting outside service charges  
9 related to Commission approved special assessments assessed by the Commission  
10 to the Company for the expenses of experts employed by the Commission, Staff,  
11 and OCA pursuant to the provisions of RSA 365:37, II, RSA 365:38-a, and RSA  
12 363:28, III shall also be recovered through the RRA. The Settling Parties  
13 acknowledge that **current base distribution rates do not include any costs**  
14 **associated with consultants** hired or retained by the Commission, Staff, and  
15 OCA, and any costs incurred within the calendar year shall be included in the  
16 RRA for recovery in the year following the year in which they are incurred. To  
17 the extent any such costs are recovered through another rate or method, they shall  
18 not be recovered through the RRA.

1 Consistent with the Commission's approval of the Settlement in Order No. 26,433,  
2 Attachment MBP/SRA-2, Page 5, line 10 reflects the \$1,898,000 revenue requirement  
3 for: (i) the actual DOE assessments per book expense compared to the approved annual  
4 Regulatory annual assessments amount recovered in base distribution rates, for the period  
5 January 1, 2022 to December 31, 2022; and (ii) the actual Commission, DOE, and OCA  
6 Consultant expenses incurred for the period January 1, 2022 to December 31, 2022.<sup>7</sup>

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

8 **Q. Please describe the detailed support for the calculation of the VMP costs included in**  
9 **Attachment MBP/SRA-3.**

10 A. Per Order No. 26,433, in addition to the Company's March 1, 2023 filing in this docket,  
11 to comply with the intent of Section 9.1(b) of the Settlement, the Company has prepared  
12 Attachment MBP/SRA-3 to refund to customers the projected over-collection, plus  
13 carrying charges, as of July 31, 2023, with a proposal to carry over to the 2023 VMP year  
14 the 2022 VMP unspent amounts. Section 9.1(b) of the Settlement states the following:

15 The RRA shall include the calendar year over- or under-collection from the  
16 Company's Vegetation Management Program. The over- or under-collection shall  
17 be credited or charged to the RRA on August 1 of the following year. The  
18 Company may request transfer of unspent amounts to the subsequent year's  
19 Vegetation Management Program budgets. The amount in base rates shall be

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<sup>7</sup> Settlement, Bates page 15.

1           \$27.1 million for ETT, Hazard Tree Removal, ROW and SMT programs. The  
2           amount to be recovered in the RRA shall be based on the overall vegetation  
3           management program variance for the prior calendar year, rather than variances  
4           for individual activities within the overall program.

5           Consistent with the Settlement, Attachment MBP/SRA-3, Page 5, reflects the actual VMP  
6           costs per book, net of reimbursables, as compared to the VMP costs recovered in base  
7           distribution rates for the period January 1, 2022 to December 31, 2022. Per the March 1,  
8           2023 filing<sup>8</sup> that was based on preliminary information, the actual 2022 VMP expense  
9           over-recovery proposed to be carried over into the 2023 VMP budget year is \$2,126,381.

10   **Q.    Is the Company requesting a transfer of the underspent 2022 amount of \$2,126,381**  
11   **to the 2023 VMP budget as permitted under the approved Settlement?**

12   A.    Yes. As noted in the Testimony of Robert D. Allen/Elli Ntakou/Russel Johnson, pages  
13   14 and 15 of 19 (Bates pages 22 and 23) filed on March 1, 2023, the Company is  
14   proposing to transfer and apply the actual 2022 over-recovery amount of \$2,126,381 to  
15   serve as an offset to the 2023 program year VMP activities.

16   **Q.    What would the rate impact be if it were determined that the Company should flow**  
17   **back to customers the underspent 2022 amount of \$2,126,381 rather than**  
18   **transferring that amount to the 2023 VMP budget as requested and as permitted**  
19   **under the approved Settlement?**

20   A.    Similar to the table presented above reflecting the illustrative and proposed overall  
21   average RRA rates, please see the table below, which reflects the effects of flowing back

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<sup>8</sup> Testimony of Robert D. Allen/Elli Ntakou/Russel Johnson, pages 14 and 15 of 19 (Bates pages 22 and 23), reflected an over-recovery amount of \$1,586,392.

1 to customers the underspent 2022 VMP amount of \$2,126,381, if that alternative to the  
2 Company’s proposal to transfer such amount to the 2023 VMP budget were directed.

<b>Alternative Regulatory Reconciliation Adjustment (RRA) Rate (Average \$ per kWh)</b>				
<b>RRA Cost Category</b>	<b>DE 21-029 Approved Rate Order No. 26,503 (July 30, 2021)</b>	<b>DE 21-029 Approved Rate Order No. 26,570 (January 25, 2022)</b>	<b>DE 22-010 Approved Rate Order No. 26,653 (July 26, 2022)</b>	<b>DE 23-021 Alternative Rate</b>
DOE Assessment/Consultant Costs	\$0.00006	\$0.00006	\$0.00007	\$0.00026
Vegetation Management Program (VMP)	\$(0.00045)	\$(0.00067)	\$(0.00011)	\$(0.00036)
Property Tax Expense	\$0.00027	\$0.00027	\$0.00028	\$0.00001
LBR due to Net Metering	\$0.00004	\$0.00004	\$0.00007	\$0.00014
Storm Cost Amortization Reconciliation	\$(0.00003)	\$(0.00003)	\$(0.00003)	\$(0.00005)
Rate Case Expense Amortization	N/A	N/A	\$0.00005	\$0.00005
<b>Total Average RRA<sup>9</sup></b>	<b>\$(0.00012)</b>	<b>\$(0.00035)</b>	<b>\$0.00034</b>	<b>\$0.00005</b>

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4 **Property Tax Expense**

5 **Q. Please describe the detailed support for the calculation of the Property Tax expense**  
6 **included in Attachment MBP/SRA-4.**

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

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<sup>9</sup> Numbers may not add due to rounding; Commission approves Total Average RRA rate only.

1 Property tax expenses, as compared to the amount in base rates. Consistent with  
2 RSA 72:8-e, property tax over- or under-recoveries as compared to the amount in  
3 base distribution rates shall be adjusted annually through the RRA. The amount  
4 included in base distribution rates for property tax expense shall be \$45,186,407  
5 based on property tax expense as of December 2019, normalized to exclude any  
6 credits related to property tax settlement proceeds for tax years preceding the test  
7 year. On an annual basis, actual property tax expense for the prior calendar year  
8 shall be compared against the amount in base rates and any variances will be  
9 reconciled through the RRA mechanism. Annual actual property tax expense shall  
10 be normalized to adjust for any credits received due to abatement settlement  
11 proceeds received for tax years preceding the test year.

12 Consistent with the Commission's approval of the Settlement in Order No, 26,433,  
13 Attachment MBP/SRA-4, Page 5, reflects the \$(229,043) over-recovery calculated by  
14 comparing the actual Property Tax Expenses, as recorded in the Company's accounting  
15 general ledger system (net of post-test year abatements, other related adjustments, and  
16 property tax amounts recovered in the Company's three step adjustments), to the  
17 approved Settlement amount recovered in base distribution rates for the period January 1,  
18 2022 to December 31, 2022.

1 **Q. Were the Step 1, Step 2, and Step 3 Property Tax amounts appropriately reflected**  
2 **in the calculation to determine the refundable Property Tax expense amount of**  
3 **\$(229,043), as shown in Attachment MBP/SRA-4, Page 5?**

4 A. Yes. Because the Steps 1, 2, and 3 Property Tax amounts are incremental to the \$45.2  
5 million property tax expenses allowed for recovery under the DE 19-057 Settlement, the  
6 approved Step 1, Step 2, and Step 3 property tax revenue requirement amounts<sup>10</sup> of  
7 approximately \$1.6 million, \$1.9 million, and a portion of \$1.9 million, respectively,  
8 were appropriately removed from the calendar year 2022 (CY 2022) calculation to  
9 determine the Property Tax expense revenue requirement to include in this RRA filing.

10 The distribution rate changes from the Step adjustments are as follows:

- 11 • Step 1 revenue requirement increase included the Property Tax expense in excess of base  
12 distribution rate recovery of \$1.6 million for CY 2022.
- 13 • Step 2 revenue requirement increase included the Property Tax expense in excess of base  
14 distribution rate recovery of \$1.9 million for CY 2022.
- 15 • Step 3 revenue requirement increase went into effect on November 1, 2022,<sup>11</sup> to be  
16 recovered initially over nine months (November 1, 2022 to July 31, 2023). The Property  
17 Tax expense in excess of base distribution rate recovery associated with Step 3 for the  
18 period November 1, 2022 to December 31, 2022 is \$0.4 million (((\$1.9 million / 9  
19 months) x 2 months).

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<sup>10</sup> Order Nos. 26,439 (December 23, 2020), 26,504 (July 30, 2021), and 26,709 (October 20, 2022).

<sup>11</sup> Order No. 26,709 (October 20, 2022).

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

	DE 23-021 2022 Property Tax Recoveries		
<u>Step</u>	<u>Jan to Oct</u>	<u>Nov to Dec</u>	<u>12 Month Total</u>
1	\$ 1,329,812	\$ 265,962	\$ 1,595,774
2	\$ 1,620,436	\$ 324,087	\$ 1,944,523
3	\$ -	\$ 422,056	\$ 422,056
Total	<u>\$ 2,950,248</u>	<u>\$ 1,012,105</u>	<u>\$ 3,962,353</u>

3

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

6 A. Schedule EHC/TMD-31 in Docket No. DE 19-057 distribution rate case provides detail  
7 to support the property tax expense of \$45,186,407. This amount includes local municipal  
8 property taxes and New Hampshire state utility property tax and excludes property tax  
9 allocated to Construction Work in Progress (“CWIP”) and non-utility property. The  
10 property tax expense included in base distribution rates was also normalized to remove  
11 any refunds received from property tax settlements received for taxes paid through the  
12 test year ending December 31, 2018. However, any future refunds received for property  
13 taxes paid post-test year would be included in the property tax reconciliation. The  
14 Company also notes that, while Schedule EHC/TMD-31 does identify property taxes  
15 associated with certain building leases, because those buildings were formerly leased, but  
16 as of the test year the leases had been transferred to Eversource. Any property taxes

1 associated with leases are not included in the property tax expense that is subject to this  
2 reconciliation.

3 **Q. Why does the reconciliation period for Property Tax expense cover the period**  
4 **January 1, 2022 through December 31, 2022?**

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

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

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

11 A. As noted in the separate testimony and attachments of Mr. Anderson and per Order No.  
12 26,433, the Company has summarized the LBR due to Net Metering to be recovered  
13 through the RRA as previously referenced and as provided in Attachments SRA-2 and  
14 SRA-3, in compliance with Section 9.1(d) of the Settlement as follows:

15 Lost-base distribution revenues associated with net metering, as calculated  
16 consistent with RSA 362-A:9, VII and the Commission's approved method in  
17 Order No. 26,029 (June 23, 2017) in Docket No. DE 16-576. The Settling Parties  
18 acknowledge that base distribution rates do not include any lost base distribution  
19 revenue associated with net metering for installations occurring on or after  
20 January 1, 2019. The amount of lost base distribution revenue shall be calculated

1 based on the cumulative net metering installations from January 1, 2019 forward  
2 unless a different recovery methodology is adopted by the Commission in Docket  
3 No. DE 20-136, Recovery Mechanism and Rate Treatment for Net Metering and  
4 Group Host Costs, or any other docket. The RRA shall recover lost base  
5 distribution revenues beginning as of January 1, 2019.

6 Consistent with the Commission's approval of the Settlement, Attachment MBP/SRA-5,  
7 Page 5, summarizes the actual displaced LBR due to Net Metering for the period January  
8 1, 2022 to December 31, 2022, resulting in a \$961,000 revenue requirement, and  
9 represents the revenue due to displaced kWh during 2022 for all customer installations  
10 beginning on January 1, 2019.

### 11 **Storm Cost Amortization Reconciliation**

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

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

18 Storm cost amortization final reconciliation and annual reconciliation updated for  
19 actual cost of long-term debt. The RRA shall be used to reconcile the recovery

1 amount of the storm costs through December 31, 2018, which are included for  
2 recovery as part of the temporary rate increase. Consistent with the temporary rate  
3 settlement, the \$68.5 million currently being recovered over five years shall be  
4 reconciled based on final actual costs, including any audit adjustments, and to  
5 reflect the actual cost of debt over time. As part of the temporary rate settlement  
6 agreement, PSNH began amortizing the unrecovered storm costs as of December  
7 31, 2018, which were estimated to be \$68,474,355, over a five-year period  
8 beginning August 1, 2019. As of August 1, 2019, PSNH began applying a  
9 carrying charge on these storms equal to its embedded cost of long-term debt. On  
10 an annual basis through July 31, 2024, the RRA shall reconcile the amortization  
11 amount to adjust for the Company's actual cost of long-term debt interest rate as  
12 filed in the Company's Form F-1 on a quarterly basis.

13 Consistent with the Settlement, Attachment MBP/SRA-6, Page 5, reflects the Storm Cost  
14 Amortization Return amount recovered in base distribution rates for the period January 1,  
15 2022 to December 31, 2022, as compared to the recalculated Storm Cost Amortization  
16 Return amount using actual long-term debt interest rates for the period January 1, 2022 to  
17 December 31, 2022. The difference of (\$316,000) will be refunded to customers through  
18 the RRA rate.

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

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

9 **Rate Case Expense Amortization Reconciliation**

10 **Q. Please describe the detailed support for the calculation of the Rate Case Expense**  
11 **Amortization Reconciliation included in page 4 of Attachment MBP/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 \$1.8 million is amortized over five years - an annual Rate Case Expense  
amortization amount of approximately \$0.4 million for recovery through the RRA.

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

14 A. No. In compliance with Settlement Section 9.2,<sup>12</sup> as approved in Order No. 26,433 and  
15 consistent with prior RRA filings, ADIT is not included in the carrying charge calculation  
16 of over- or under-recoveries.

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<sup>12</sup> Settlement, Bates page 18.

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

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

9 **Q. Has the Company included rate exhibits and calculations of the customer bill**  
10 **impacts for the proposed August 1, 2023 RRA rate change?**

11 A. Yes, this detail is provided in Attachment MBP/SRA-8.

- 12 • Page 5 provides a comparison of residential rates proposed for effect August 1,  
13 2023 to current rates effective February 1, 2023 for a 550 kWh monthly bill, a  
14 600 kWh monthly bill, and a 650 kWh monthly bill.
- 15 • Page 6 provides a comparison of residential rates proposed for effect August 1,  
16 2023 to rates effective August 1, 2022 for a 550 kWh monthly bill, a 600 kWh  
17 monthly bill, and a 650 kWh monthly bill.
- 18 • Page 7 provides the average impact of each change on bills for all rate classes by  
19 rate component on a total bill basis, excluding energy service.

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

3           The rate impacts provided in Attachment MBP/SRA-8 incorporate the most current rate  
4           changes reflecting the (i) Step 3 Adjustment revenue requirement based on calendar year  
5           2021 plant in service and approved in Order No. 26,709 in Docket No. 22-030; (ii)  
6           Energy Service rates reflecting rate changes approved in Order Nos. 26,747 and 26,762 in  
7           Docket No. DE 22-021 and in effect as of February 1, 2023; (iii) the Stranded Cost  
8           Recovery Charge rate reflecting rate changes approved in Order No. 26,768 in Docket  
9           No. DE 22-039 and in effect as of February 1, 2023; (iv) the Transmission Cost  
10          Adjustment Mechanism rate reflecting rate changes approved in Order No. 26,651 in  
11          Docket No. DE 22-034 and in effect as of August 1, 2022; (v) the System Benefits  
12          Charge rate reflecting rate changes approved in Order No. 26,745 in Docket No. DE 22-  
13          081 and in effect as of January 1, 2023; and (vi) the RRA rate change(s) proposed in this  
14          filing. Revised rates will be proposed at a later date to incorporate the Energy Service  
15          rates for effect on August 1, 2023.

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

17   **A.    Yes. Updated tariff pages are provided in Attachment MBP/SRA-9.**

18

1 V. CONCLUSION

2 Q. Does Eversource require Commission approval of the RRA rate billed to customers  
3 by a specific date?

4 A. Yes, Eversource requires final approval of the RRA rate by July 25, 2023, to implement  
5 the new rates for service rendered on and after August 1, 2023.

6 Q. Does this conclude your testimony?

7 A. Yes, it does.