COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

Petition of NSTAR Electric Company d/b/a	**)**	
Eversource Energy pursuant to G.L. c. 164, § 94	**)**	
and 220 CMR 5.00, for Approval of a General	**)**	**D.P.U. 22-22**
Increase in Base Distribution Rates for Electric	**)**	
Service and a Performance-Based	**)**	
Ratemaking Plan	**)**	

DIRECT TESTIMONY OF

JOHN D. WILSON

ON BEHALF OF

THE CAPE LIGHT COMPACT JPE

APRIL 29, 2022

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I. INTRODUCTION AND QUALIFICATIONS

Q. Please state your name and business address.

A. My name is John D. Wilson. My business address is Resource Insight, Inc., 10 Court Street, Box 232, Arlington, Massachusetts.

Q. What is your occupation?

A. I am the Research Director for Resource Insight, Inc. ("Resource Insight").

Q. Please summarize your professional experience.

A. I received a BA degree from Rice University in 1990, with majors in physics and history, and an MPP degree from the Harvard Kennedy School of Government with an emphasis in energy and environmental policy, and economic and analytic methods. I have been employed by Resource Insight since 2019.

Previously, I was deputy director of regulatory policy at the Southern Alliance for Clean Energy ("SACE") for more than twelve years, where I was the senior staff member responsible for SACE's utility regulatory research and advocacy, as well as energy resource analysis. I engaged with southeastern utilities through regulatory proceedings, formal workgroups, informal consultations, and research-driven advocacy.

My work has considered, among other things, the cost-effectiveness of prospective new electric generation plants and transmission lines, retrospective review of generation-planning decisions, conservation program design, ratemaking and cost recovery for utility efficiency programs, allocation of costs of service between rate classes and jurisdictions, design of retail rates, and performance-based ratemaking for electric utilities.

My resume is included as Exhibit CLC-JDW-2.

Q. Have you testified previously in utility proceedings?

A. Yes. I have testified more than 30 times before utility regulators in California, five other U.S. states and Nova Scotia, and appeared numerous additional times before various regulatory and legislative bodies. A summary of my prior testimony is included in Exhibit CLC-JDW-2, beginning on page 6.

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of the Cape Light Compact JPE (the "Compact") in this proceeding.

Q. What is the purpose of your testimony?

A. My testimony discusses issues with the allocated cost of service study and the target revenue allocation process proposed by NSTAR Electric Company d/b/a Eversource Energy ("Eversource" or the "Company").

Q. What materials submitted by Eversource did you review in order to prepare your testimony?

A. I reviewed the Petition for Approval of an Increase in Base Distribution Rates and Performance-Based Ratemaking Regulatory Plan, D.P.U. 22-22, dated January 14, 2022 ("Initial Filing") by Eversource. Specifically, I focused on the testimonies of Bruce R. Chapman (Exhibit ES-ACOS-1) and Richard D. Chin (Exhibit ES-RDC-

1) and related exhibits of the Initial Filing. I also reviewed a number of Eversource's discovery responses and associated attachments, including in particular CLC-ES-3-4 and CLC-ES-3-6.

Q. Have you reviewed all materials necessary to cover the scope of your testimony?

A. No. I have thus far been unable to review the allocators in tab ACOS-5 and the shares in tab Voltage Splits because these values were pasted into the cost-of-service study workpapers as Attachment AG-1-1(h) (Supp 1). Without supporting documents demonstrating how these values were obtained, I have been unable to form an opinion as to the reasonableness of the cost of service study.

Furthermore, should I have concerns about any of the information contained in those supporting documents, I would require a fully working/unlocked version of the cost-of-service study. The version provided as Attachment AG-1-1(h) (Supp 1) has locked spreadsheets which do not allow any alterations to inputs or formulas, as is allowed in other workpapers.

Upon receipt of the outstanding information requests from Eversource, it is possible that I may identify additional issues. If so, I reserve the right to file supplemental testimony on those issues.

Q. Did you review any other materials in preparing this testimony?

A. I have reviewed portions of Department orders in D.P.U. 19-120 dated October 30, 2020 ("D.P.U. 19-120 Order"), D.P.U. 19-120-A dated July 30, 2021, and D.P.U. 17-05-B dated January 5, 2018.

Q. Before you present your arguments, can you please explain your overall impression of the target revenue allocation process?

A. Eversource has made several intentional changes to its target revenue allocation process in order to follow the Department's direction to gradually align rates across its service territory. However, in doing so, Eversource made two significant errors in following Department precedent. In correcting those errors I have identified some issues with applying that precedent. I suggest methods to address those issues in order to balance the interest in gradual alignment of rates with the interest in ensuring that rate classes are treated similarly in terms of overall and distribution revenue requirements.

II. ALLOCATION OF DISTRIBUTION REVENUE REQUIREMENT

Q. Do you have any concerns about Eversource's proposed allocation of its distribution revenue requirement?

A. Yes. While 17 general rate classes are proposed to receive an increase in total revenue impact, Eversource proposes that four general rate classes would receive a reduction in total revenue impact. The four general rate classes are:

- Rate G-1/T-1 (Boston): -0.9%
- Rate G-5 (South): -3.7%
- Rate G-2 (Boston): -2.0%
- Rate WR (Boston): -2.1%

(Initial Filing, Exhibit ES-RDC-1 at 31-34.)

Notably, the two large Boston rate classes (G-1/T-1 and G-2) comprise 55% of the distribution revenue requirement for all commercial customers. (Initial Filing,

Exhibit ES-RDC-1 at 31-34.) In contrast, the total revenue impact will be increased for nearly all non-Boston commercial customers.

As Eversource acknowledges, in D.P.U. 17-05, the Department "found that a comparison of unit embedded costs among general service rate classes showed that differences were not within an acceptable range." (Initial Filing, Exhibit ES-RDC-1 at 4.) Appropriately, Eversource's proposal is intended to "allow for gradual consolidation and alignment of rates" based on precedent provided in D.P.U. 17-05 and D.P.U. 19-120. (Initial Filing, Exhibit ES-RDC-1 at 4; CLC-ES-3-4.)

Q. Did Eversource follow the precedents it cited accurately?

A. No. Eversource made at least two significant mistakes in the target revenue allocation process. Eversource intended to apply three class revenue constraints:

- 10 percent cap on total revenue;
- 200 percent cap on the average distribution revenue increase; and
- No rate class receives a rate decrease.

(Initial Filing, Exhibit ES-RDC-1 at 28; CLC-ES-3-4.)

When Eversource applied these three constraints in Exhibit ES-RDC-2, it makes at least two computational mistakes. The first mistake relates to the data used to apply the floor, while the second mistake relates to the order in which the three constraints are applied.

Q. Please describe the first mistake.

A. Eversource bases its implementation of a floor on the precedent established in the Department's D.P.U. 19-120 Order in Eversource's gas rate case. (CLC-ES-3-4). As shown in Schedule 10 attached to the D.P.U. 19-120 Order, the floor on the class Base Distribution Revenue is defined as the "Test Year Base Distribution Revenue" minus the "Change in Reconciling Revenue" (column (b) – column (g)). (D.P.U. 19-120 Order at 487.[1]) In other words, the Department's required that the new class revenue be no lower than the test year revenue adjusted for changes in reconciling revenues.

In applying the floor (i.e., so that no rate class would receive a revenue decrease) in Exhibit ES-RDC-2, Schedules 5, 7, 8 and 9, Eversource compared the base distribution revenue increase[2] to column (c), which is called "Base Rate Transfers" in Schedule 5 and "Proposed Base Rate Roll-In" in Schedules 7, 8 and 9. The base rate transfer adjustments applied in column (c) are not equivalent to the "Test Year Base Distribution Revenue" minus the "Change in Reconciling Revenue" as used in the Department's D.P.U. 19-120 Order.

Eversource's use of the wrong column(s) is a clear error.

Q. Please describe the second mistake.

A. Eversource applies the three constraints in the order shown above (i.e., 10 percent cap, 200 percent cap, and the floor). However, in D.P.U. 19-120, the floor is applied *between* the 10 percent cap and the 200 percent cap. (D.P.U. 19-120 Order at 487.) Eversource has not provided a reason that it applied the three constraints in a

[1] Most of the column designations are the same in D.P.U. 19-120 Schedule 10 as in Exhibit ES-RDC-2, Schedules 5 through 9.

[2] The base distribution revenue increase is the result of the application of the 10% cap and the 200% cap and is found in column (u) in Schedules 5, 7 and 8 and in column (y) in Schedule 9.

different order than that used in the Department precedent. The order in which the constraints are applied does affect the allocation of the distribution revenue requirement among the rate groups and among the rate classes within each group.

Q. Did you compute the effect of applying the Department's D.P.U. 19-120 cap-and-floor method to the data in this proceeding?

A. Yes. I have applied these corrections to Schedules 5, 7, 8 and 9. Neither correction applies directly to the residential rate classes in Schedule 6; the target revenue allocation results in an increase for both rate classes, so no floor is necessary.

Q. Are there other mistakes?

A. There is also a third, but rather trivial, issue. For Rate WR (Boston), Eversource manually set the "Base Distribution Revenue at Group Avg Unit Rate" to $0. (Initial Filing, Exhibit ES-RDC-2, Schedule 9.) Presumably, this is because the base distribution revenue for Rate WR is $3.1 million at the group average unit rate compared to $1,806 at current rates. Replacing $0 with $3.1 million and using Eversource's method for the rate caps and floor increases the proposed base distribution revenue target for Rate WR from $1,907 to $2,391. Thus, even though the difference between $3.1 million and $0 is very large, making that change has no meaningful impact on other rate classes. Nonetheless, I used the group average unit rate for Rate WR in my calculations.

Q. What is the impact of correcting these mistakes?

A. Correcting Eversource's mistakes eliminates the decrease in total revenue for the two Boston rate classes (G-1/T-1 and G-2). More generally, because the small and medium general groups have a total revenue impact of about 0%, nearly all of the individual tariffs in those groups have a total revenue impact that is very close to 0%, as shown in Table 1 on the following page.

Table 1: Total Revenue Impact at Proposed Revenue Requirement

Rate	Eversource Proposal	Corrected
Residential Group	**5.7%**	**5.7%**
R-1/R-2 Residential	5.2%	5.2%
R-3/R-4 Residential Heating	9.7%	9.7%
Small General Group	**-0.1%**	**0.0%**
NEW G-1/T-1 (<=100 kW) (BOST)	-0.9%	0.0%
NEW G-1/G-6 (<=100 kW) (CAMB)	3.6%	0.1%
G-5 Comm. Space Heat (CAMB)	1.1%	-0.4%
G-1 Gen. Serv. (SOUTH)	0.6%	0.0%
G-7 Optional TOU (SOUTH)	0.6%	0.0%
G-4 General Power (SOUTH)	5.8%	-0.2%
G-5 Comm. Space Heat (SOUTH)	-3.7%	0.0%
G-6 All Electric School (SOUTH)	4.9%	-1.2%
23 Optional Water Heating (WMA)	1.2%	0.0%
24 Optional Church (WMA)	4.2%	0.0%
NEW G-1 (<=100 kW) (WMA)	2.7%	0.0%
Medium General Group	**0.0%**	**0.0%**
NEW G-2 TOU (BOST)	-2.0%	0.0%
G-2 TOU (CAMB)	3.8%	0.0%
G-2 TOU (SOUTH)	5.9%	0.0%
NEW G-2/T4 (WMA)	7.8%	0.0%
Large General Group	**2.3%**	**2.3%**
Rate G-3 TOU (BOST)	0.8%	1.9%
Rate WR (BOST)	-2.1%	-2.1%
Rate G-3/SB1/MS1/SS1 (CAMB)	3.7%	3.7%
Rate G-3 TOU (SOUTH)	5.9%	5.9%
Rate G-3 (current T-2) TOU (WMA)	5.5%	3.1%
Rate T-5 TOU (WMA)	4.2%	4.2%

Eversource Proposal: Initial Filing, Exhibit ES-RDC-2, Schedules 5-9.
Corrected: Exhibit CLC-JDW-4, Schedules 5-9.

Even after correcting the formula to ensure that no class receives a revenue decrease, four relatively small rate classes do receive a revenue decrease. This is because the 200% cap is applied after the floor; applying the 200% cap reduces the distribution revenue requirement for those four classes enough to result in a revenue decrease.

If the Department prefers to strictly apply the floor, then Eversource could be permitted to apply the floor after the 200% cap, as it proposes to do. However, in turn, this would result in the 200% cap being violated for some rate classes. The Department could also direct Eversource to develop a solution that solves for all three constraints simultaneously, although for some of the smaller rate classes it may not be possible to find a solution that meets all three constraints simultaneously.

Q. Did you follow Department precedent precisely?

A. No, because a minor modification to Department precedent is necessary to avoid disproportionate outcomes or irresolvable violations of the 200% cap. In its D.P.U. 19-120 Order (emphasis added), the Department directed Eversource Gas to "reallocate any revenue requirement credit below the rate floor … to the other rate classes based on their proportional revenue requirement at equalized rates of return, *excluding any rate classes that already benefit from the ten-percent cap*." To apply the rate floor in its Initial Filing, Eversource iterated until no rate class was below the rate floor.

However, in my analysis correcting for Eversource's two mistakes, after the first iteration of the floor (which comprises the largest part of the reallocation), I found that it was necessary to allow reallocation of the credit to rate classes that already benefitted from the ten-percent cap.

I observed that even if the exclusion could result in a solution, very small rate classes might receive a disproportionate credit or subsequent application of the 200% cap resulted in significant violations of the floor.[3]

I recommend that the Department direct Eversource – after correcting for the two mistakes discussed above – to allow reallocation of the credit to rate classes that already benefitted from the ten-percent cap after the first iteration of the floor. This minor modification to the method described in the D.P.U. 19-120 Order is a reasonable adjustment to deal with the complexity of applying the revenue caps and floor in a systematic manner.

Q. Did correcting Eversource's calculations produce any results of concern?

A. Yes. As shown in Table 2, Eversource's method resulted in all rate classes receiving an increase in the distribution revenue requirement. (Other revenue requirements or forecasts, such as reconciling rates, transmission rates, and basic service, are projected to decrease.) After correcting Eversource's calculations to apply the method described in the D.P.U. 19-120 Order, the distribution revenue requirement for several general rate classes switched to a decrease.

Even though my corrected allocation ensures that no rate *group* receives a decrease in the base distribution revenue requirement, the allocation results in potentially concerning decreases for several of the general rate classes. Among the smaller rate classes, Schedule G-6 (South) would receive a reduction of 51.5% in its

[3] These issues do not appear in Eversource's Initial Filing because of the error in the formula used to calculate the floor.

distribution revenue requirement compared to a group average of a 5.9% increase. Among the larger rate classes, Schedule G-2/T-4 (WMA) would receive a 16.1% decrease compared to a group average of an 18.5% increase. The Department may find relatively large decreases for some rate classes to be inequitable since other rate classes would bear larger increases in their distribution revenue requirements.

Table 2: Change in Distribution Revenue Requirement at Proposed Revenue Requirement

Rate	Eversource Proposal	Corrected
Residential Group	**19.2%**	**19.2%**
R-1/R-2 Residential	18.5%	18.5%
R-3/R-4 Residential Heating	25.4%	25.4%
Small General Group	**0.6%**	**1.0%**
NEW G-1/T-1 (<=100 kW) (BOST)	0.0%	3.7%
NEW G-1/G-6 (<=100 kW) (CAMB)	5.4%	-12.9%
G-5 Comm. Space Heat (CAMB)	0.0%	-10.2%
G-1 Gen. Serv. (SOUTH)	2.9%	0.1%
G-7 Optional TOU (SOUTH)	3.4%	0.0%
G-4 General Power (SOUTH)	4.9%	-25.3%
G-5 Comm. Space Heat (SOUTH)	0.0%	16.6%
G-6 All Electric School (SOUTH)	0.0%	-51.5%
23 Optional Water Heating (WMA)	0.0%	-2.7%
24 Optional Church (WMA)	0.0%	-13.1%
NEW G-1 (<=100 kW) (WMA)	0.0%	-10.4%
Medium General Group	**5.8%**	**5.9%**
NEW G-2 TOU (BOST)	0.5%	10.0%
G-2 TOU (CAMB)	25.4%	-1.0%
G-2 TOU (SOUTH)	25.4%	-13.6%
NEW G-2/T4 (WMA)	25.4%	-16.1%
Large General Group	**18.5%**	**18.5%**
Rate G-3 TOU (BOST)	15.0%	22.5%
Rate WR (BOST)	0.0%	25.4%
Rate G-3/SB1/MS1/SS1 (CAMB)	25.4%	25.4%
Rate G-3 TOU (SOUTH)	25.4%	25.4%
Rate G-3 (current T-2) TOU (WMA)	25.4%	9.3%
Rate T-5 TOU (WMA)	25.4%	25.4%

Eversource Proposal: Initial Filing, Exhibit ES-RDC-2, Schedules 5-9.
Corrected: Exhibit CLC-JDW-4, Schedules 5-9.

This result occurs because correctly applying the floor to the total revenue impact increases the total revenue requirement for some rate classes. This increase is applied to distribution revenues and not to other types of revenues. Consequently, the distribution revenue requirement for rate classes that are not constrained by the floor is reduced, in some cases by a relatively large amount.

Q. Did you identify any option to ensure that individual rate classes do not receive large decreases in the distribution revenue requirement?

A. Yes. As shown in Table 3, I found that lowering the floor—allowing the total revenue impact for individual rate classes to decrease by up to 1.0%—produced what appears to be a more reasonable result for both the change in distribution revenue requirement and the total revenue impact than if the floor is set to a 0% decrease. The Department could apply this option as a reasonable adjustment when correcting Eversource's two mistakes.

I believe the adjustment is a reasonable solution in the situation that arises with Eversource's proposal to allocate the proposed revenue requirement to groups before classes. The result is that the total revenue impact for the small and medium general groups is near zero. If the minimum change is also set at zero, then all rate classes within those groups must have a near-zero total revenue increase.

However, the change in *non-distribution revenues* varies across the rate classes, meaning that if the total revenue impact for a rate class is zero, then its distribution revenue requirement may change substantially, in either direction. Driving the change in distribution revenue requirements in this way does not always result in progress towards the goal of gradually aligning the rates within each group.

To allow the rates for each class to make progress towards alignment, I found that lowering the total revenue impact floor below the group average allows some variation in distribution revenue requirements. I selected a 1.0% decrease in revenue as a suggested floor, because I found that it minimizes class decreases in the distribution revenue requirement.

Reducing the floor from 0% to 1.0% moderates the extreme reductions in class distribution revenue requirements, but reducing it further (e.g., to 1.25%) begins to reverse that moderation. Thus, based on the proposed revenue requirement and other circumstances of this case, the -1.0% floor option provides a reasonable balance between gradual alignment of rates and ensuring that no rate class receives an overall change in distribution rates that is vastly different from other similarly situated classes.

In Table 3, I present the results of applying the -1.0% floor option in comparison to (i) Eversource's original proposal in its Initial Filing and (ii) the results of correcting Eversource's two mistakes. Table 3 shows only the commercial (general) rate classes. The floor correction does not impact the residential rate classes. The floor correction also impacts the distribution revenue requirement for the Lighting - Company rate group. The impact of the corrected case on the streetlight rate classes is shown in Schedule 15 of Exhibit CLC-JDW-3.

Table 3: Total Revenue Impact and Change in Distribution Revenue Requirement at Proposed Revenue Requirement for Commercial (General) Rate Classes

	Total Revenue Impact			Change in Distribution Revenue Requirement		
Rate	**Eversource**	**Corrected**	**Adjusted Floor**	**Eversource**	**Corrected**	**Adjusted Floor**
Small General Group	**-0.1%**	**0.0%**	**-0.1%**	**0.6%**	**1.0%**	**0.6%**
NEW G-1/T-1 (<=100 kW) (BOST)	-0.9%	0.0%	-0.3%	0.0%	3.7%	2.6%
NEW G-1/G-6 (<=100 kW) (CAMB)	3.6%	0.1%	3.8%	5.4%	-12.9%	6.2%
G-5 Comm. Space Heat (CAMB)	1.1%	-0.4%	3.5%	0.0%	-10.2%	16.7%
G-1 Gen. Serv. (SOUTH)	0.6%	0.0%	-0.2%	2.9%	0.1%	-0.9%
G-7 Optional TOU (SOUTH)	0.6%	0.0%	-0.2%	3.4%	0.0%	-1.0%
G-4 General Power (SOUTH)	5.8%	-0.2%	3.6%	4.9%	-25.3%	-5.8%
G-5 Comm. Space Heat (SOUTH)	-3.7%	0.0%	-0.3%	0.0%	16.6%	15.5%
G-6 All Electric School (SOUTH)	4.9%	-1.2%	3.0%	0.0%	-51.5%	-15.6%
23 Optional Water Heating (WMA)	1.2%	0.0%	-0.4%	0.0%	-2.7%	-3.6%
24 Optional Church (WMA)	4.2%	0.0%	-0.3%	0.0%	-13.1%	-13.9%
NEW G-1 (<=100 kW) (WMA)	2.7%	0.0%	-0.2%	0.0%	-10.4%	-11.3%
Medium General Group	**0.0%**	**0.0%**	**0.0%**	**5.8%**	**5.9%**	**5.8%**
NEW G-2 TOU (BOST)	-2.0%	0.0%	-0.2%	0.5%	10.0%	8.9%
G-2 TOU (CAMB)	3.8%	0.0%	-1.0%	25.4%	-1.0%	-7.9%
G-2 TOU (SOUTH)	5.9%	0.0%	2.0%	25.4%	-13.6%	-0.2%
NEW G-2/T4 (WMA)	7.8%	0.0%	1.3%	25.4%	-16.1%	-9.2%

	Total Revenue Impact			**Change in Distribution Revenue Requirement**		
Rate	**Eversource**	**Corrected**	**Adjusted Floor**	**Eversource**	**Corrected**	**Adjusted Floor**
Large General Group	**2.3%**	**2.3%**	**2.3%**	**18.5%**	**18.5%**	**18.5%**
Rate G-3 TOU (BOST)	0.8%	1.9%	1.8%	15.0%	22.5%	21.7%
Rate WR (BOST)	-2.1%	-2.1%	-2.1%	0.0%	25.4%	25.4%
Rate G-3/SB1/MS1/SS1 (CAMB)	3.7%	3.7%	3.7%	25.4%	25.4%	25.4%
Rate G-3 TOU (SOUTH)	5.9%	5.9%	5.9%	25.4%	25.4%	25.4%
Rate G-3 (current T-2) TOU (WMA)	5.5%	3.1%	3.7%	25.4%	9.3%	13.2%
Rate T-5 TOU (WMA)	4.2%	4.2%	4.2%	25.4%	25.4%	25.4%

Eversource Proposal: Initial Filing, Exhibit ES-RDC-2, Schedules 5-9.

Corrected: Exhibit CLC-JDW-4, Schedules 5-9.

Q. Please summarize the distribution revenue requirements resulting from your corrections and suggested adjustment to the floor.

A. In Table 4, I have provided a summary, including calculation of the absolute difference between Eversource's proposal and the corrected distribution revenue requirements as well as with the application of the -1.0% floor.

Table 4: Distribution Revenue Requirement at Proposed Revenue Requirement for Commercial (General) Rate Classes

Rate Class	Eversource Proposal	Corrected	Corrected w/ (1.0%) Floor	Compared to Eversource Proposal	
				Corrected	Corrected w/ (1.0%) Floor
NEW G-1/T-1 (<=100 kW) (BOST)	$ 178,568,517	$ 182,818,751	$ 183,280,497	$ 4,250,234	$ 4,711,980
NEW G-1/G-6 (<=100 kW) (CAMB)	8,945,046	9,619,695	9,018,691	674,649	73,646
G-5 Comm. Space Heat (CAMB)	128,908	161,660	150,461	32,753	21,554
G-1 Gen. Serv. (SOUTH)	40,615,341	39,024,582	39,123,072	(1,590,760)	(1,492,269)
G-7 Optional TOU (SOUTH)	2,134,353	2,037,519	2,042,657	(96,833)	(91,696)
G-4 General Power (SOUTH)	95,532	92,311	85,725	(3,221)	(9,807)
G-5 Comm. Space Heat (SOUTH)	425,384	489,997	491,234	64,613	65,851
G-6 All Electric School (SOUTH)	93,559	91,440	78,970	(2,119)	(14,589)
23 Optional Water Heating (WMA)	5,926	5,696	5,710	(230)	(216)
24 Optional Church (WMA)	319,018	273,878	274,569	(45,140)	(44,448)
NEW G-1 (<=100 kW) (WMA)	28,615,486	25,331,541	25,395,480	(3,283,946)	(3,220,006)
NEW G-2 TOU (BOST)	130,407,618	142,712,450	141,285,326	12,304,832	10,877,707
G-2 TOU (CAMB)	17,426,299	13,756,820	12,803,277	(3,669,479)	(4,623,022)
G-2 TOU (SOUTH)	13,314,862	9,173,329	10,595,797	(4,141,533)	(2,719,065)
NEW G-2/T4 (WMA)	12,829,253	8,580,500	9,293,632	(4,248,753)	(3,535,621)
Rate G-3 TOU (BOST)	85,271,500	90,817,737	90,228,240	5,546,237	4,956,741
Rate WR (BOST)	1,907	2,391	2,391	485	485
Rate G-3/SB1/MS1/SS1 (CAMB)	11,097,703	11,097,957	11,097,957	255	255
Rate G-3 TOU (SOUTH)	9,247,890	9,248,090	9,248,090	200	200
Rate G-3 (current T-2) TOU (WMA)	19,360,834	16,881,846	17,471,342	(2,478,988)	(1,889,492)
Rate T-5 TOU (WMA)	7,158,834	7,158,972	7,158,972	138	138

Q. Please describe your rate design exhibits.

A. I have attached two rate design exhibits to this testimony.

Exhibit CLC-JDW-3 restates Eversource's Exhibit ES-RDC-2 with the corrections to the target revenue allocation process described above. I have applied light yellow highlighting to each cell in Schedules 5 - 9 where I directly altered the text or formula in the original worksheet. I would note that based on the changes made in Exhibit CLC-JDW-3, there are a large number of changes made to many of the schedules in the Exhibit that are not highlighted. These are a result of formulas embedded in the original Exhibit ES-RDC-2 and represent implementation of the corrected target revenue allocations to rates.

Exhibit CLC-JDW-4 is identical to Exhibit CLC-JDW-3, except that instead of setting the floor at "no class receives a revenue decrease," the floor is set to allow a revenue decrease of up to 1.0% (before any further adjustments resulting from the 200% cap).

III. CONCLUSION

Q. Could you please review your concerns?

A. My primary concern is that Eversource Witness Chin has made two errors in the application of Department precedent established in D.P.U. 19-120, Eversource Energy's gas rate case order. Both of these errors have widespread, material impacts on the target revenue allocation process.

First, Eversource uses the wrong data to establish the floor used to ensure that no rate class receives a revenue decrease. Second, Eversource applies the three constraints (10% cap, floor, and 200% cap) in the wrong order.

My next concern is that the Department's precedent regarding the application of the floor cannot be applied without causing very small rate classes to receive a disproportionate credit or subsequent application of the 200% cap to result in significant violations of the floor. This concern is easily remedied with a very modest adjustment to the method described in the D.P.U. 19-120 Order.

My final concern is that after correcting Eversource's calculations to apply the method described in the D.P.U. 19-120 Order, several general rate classes receive a substantial decrease in the distribution revenue requirement even as the rate group receives a substantial increase, which the Department may view as inequitable.

Q. Do you have any recommendations as to how the Department should resolve these concerns?

A. I have three recommendations.

1. The Department should require that Eversource's calculations be corrected consistent with prior precedent, as outlined above.
2. The Department should modify its previous method for implementing the floor, as described in D.P.U. 19-120, to allow reallocation of the floor credit to rate classes that already benefitted from the ten-percent cap after the first iteration. This reduces the tendency of the method to cause very small rate classes to receive a disproportionate credit or significantly violate the floor.
3. The Department should lower the floor to allow the total revenue impact for individual rate classes to decrease by 1.0%, which results in more moderate decreases in class distribution revenue requirements with respect to maintaining the floor at 0%.

Q. Does this conclude your testimony?

A. Yes, at this time, but as discussed above, I may need to supplement my testimony should I identify additional issues based on receipt of outstanding information requested from Eversource.