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	**)**	

SUPPLEMENTAL TESTIMONY OF

JOHN D. WILSON

ON BEHALF OF

THE CAPE LIGHT COMPACT JPE

JULY 26, 2022

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I. INTRODUCTION

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. Did you provide your qualifications and professional experience in your pre-filed testimony in this proceeding?

A. Yes, Exhibit CLC-JDW-1 includes a summary of my qualifications and professional experience, and my resume and a summary of my prior testimony is included in Exhibit CLC-JDW-2.

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 Supplemental Testimony?

A. This Supplemental Testimony is necessary because of several recent filings made by NSTAR Electric Company d/b/a Eversource Energy ("Eversource" or the "Company") changing its allocated cost of service ("ACOS") and rate design proposals after the deadline for intervenor testimony. I am directly responding to those changes made in Eversource's: (1) second revised ACOS and rate design exhibits dated July 1, 2022 ("July 1 Filing"); (2) third supplemental response to CLC-ES-3-6 dated July 11, 2022[1] ("July 11 Filing"); and (3) record requests RR-

[1] CLC-ES-3-6-Supplement 3 is misdated by the Company as having been filed on July 11, 2022. The filing was made on July 12, 2022. Nonetheless, to avoid confusion here, I refer to the July 11 Filing.

CLC-2 through RR-CLC-6 filed on July 22, 2022 ("July 22 RR Responses"), which relate to the July 1 Filing and the July 11 Filing. I also respond to RR-DPU-33, where on July 25, 2022, the Company produced new ACOS exhibits related to the revenue requirement adjustments.

Q. Please summarize the changes made by Eversource in its July 1 Filing.

A. According to its July 1, 2022, cover letter, Eversource made the following changes:

- Exhibit ES-RDC-2 was revised to correct the allocation of customer counts for existing Rate T-4 (WMA) to proposed Rate G-1 (WMA) and proposed Rate T-4 (WMA).
  - As a result, 117 customers were re-assigned from proposed Rate G-1 (WMA) to proposed Rate T-4. This error was isolated to customer counts, so energy and demand is not affected.
- Exhibit ACOS-2 through 5 were updated to reflect the following changes:
  - Correct customer counts identified above;
  - Update primary and secondary splits; and
  - Update weighting factors for customer assistance and sales.

Q. Please summarize the changes made by Eversource in its July 11 Filing.

A. Eversource made changes regarding the allocators in tab ACOS-5 and the shares in tab Voltage Splits (found in workbook Exh ES-ACOS-2 through 5_Second Revised) in its July 11 Filing, which provided workpapers to support the ACOS and rate design changes made in its July 1 Filing.

Q. Please summarize the changes made by Eversource in its July 22 RR Responses.

A. Eversource made further changes in tab Voltage Splits (Attachment RR-CLC-03(d), which is the voltage split update to the Eversource ACOS Model) as described in

RR-CLC-3, RR-CLC-4, RR-CLC-5, and RR-CLC-6. In its response to RR-CLC-5, Eversource acknowledged seven errors in primary/secondary assignments, and also excluded "unspecified items" from the primary/secondary share computation, supporting this position with reference to its response to RR-CLC-4. In its response to RR-CLC-6, Eversource acknowledged two errors in account assignments.

In its response to RR-CLC-3, Eversource "updated its allocators to reflect the changes identified in the responses to Record Requests CLC-4, 5 and 6."

Q. Please summarize your responses in this Supplemental Testimony to the July 1 Filing, July 11 Filing, and July 22 RR Responses.

A. Based on the changes made by the Company in those recent filings, there are four primary reasons for filing my Supplemental Testimony.

First, as discussed below in Section II, in these recent filings, Eversource has corrected most of the issues identified in my Surrebuttal Testimony. I update the changes made by the Company in these recent filings with which I agree or that are responsive to my recommendations in my Surrebuttal Testimony. Specifically, I do not object to: (i) Eversource's reassignment of customers from Rate G-1 (WMA) to Rate T-4 made in its July 1 Filing; (ii) its changes to its weighting factors for customer assistance and sales in the July 1 Filing and July 11 Filing, as well as the updated primary and secondary shares for line transformers in account 368; and (iii) the Company's corrections made in RR-CLC-5 and RR-CLC-6 (dated July 22, 2022).

Second, as discussed in Section III, I update my objection to one remaining issue related to the amalgamation method used by the Company from the primary/secondary voltage splits in the cost-of-service study. The Department of Public Utilities (the "Department") should reject Eversource's arbitrary use of amalgamation because there is no reasonable, cost-based justification for the resulting cost shift away from larger customers and onto smaller rate classes.

Third, in Section IV, I update all of the exhibits filed in my Surrebuttal Testimony to reflect updates made by the Company in the July 1 Filing, July 11 Filing, and July 22 RR Responses, as well as Tables 3, 4 and 5. Specifically, I replace my Exhibits CLC-JDW-Surrebuttal-2, CLC-JDW-Surrebuttal-3, CLC-JDW-Surrebuttal-4, and CLC-JDW-Surrebuttal-5 with Exhibits CLC-JDW-Supplemental-2, CLC-JDW-Supplemental-3, CLC-JDW-Supplemental-4, and CLC-JDW-Supplemental-5 respectively, to apply my updated recommendations regarding the primary/secondary voltage shares and revenue allocation methods to Exhibit ES-RDC-2 (Second Revised).

Fourth, I respond to RR-DPU-33 related to a proposed reduction in Eversource's revenue requirement.[2] Given the emphasis placed by Department Staff on the production of alternative revenue allocation and rate design results, as discussed in Section V, I created Exhibits CLC-JDW-Supplemental-2A, CLC-JDW-Supplemental-3A, CLC-JDW-Supplemental-4A, and CLC-JDW-Supplemental-5A as alternatives to Exhibits CLC-JDW-Supplemental-2, CLC-JDW-3, CLC-JDW-Supplemental-4, and CLC-JDW-Supplemental-5, respectively, utilizing the alternative revenue requirement proposed by Department Staff.

[2] Commenting on the merits of the proposed reduction is beyond the scope of my testimony.

II. UNOPPOSED CHANGES TO THE JULY 1, JULY 11 AND JULY 22 FILINGS

Q. What is your opinion regarding Eversource's re-assignment of customers from Rate G-1 (WMA) to Rate T-4 in the July 1 Filing?

A. I have no basis for an objection to this correction in the July 1 Filing and found no issues with its implementation. Accordingly, I have accepted this change and utilized it in the preparation of updated exhibits.

Q. What is your opinion regarding the updated weighting factors for customer assistance and sales in the July 1 Filing and July 11 Filing?

A. I support this update, which appears to be responsive to the recommendation I made in my Surrebuttal Testimony filed on June 24, 2022. (Exhibit CLC-JDW-Surrebuttal-1 at 19, 23-24, 30.) In that testimony, I recommended that the Department direct Eversource to study the residential/non-residential weights used in the customer service and assistance costs allocator calculation. Attachment CLC-ES-3-6(t2) (dated July 11, 2022) provides such a study. In that study, Eversource uses estimates of call center full-time employee counts and related customer service representative labor costs to determine the relative shares of residential and business customer service representative costs. As shown in Table 1, 72% of customer service and assistance costs are allocated to residential customers, and the remaining 28% are allocated to commercial customers.

Table 1: Allocation of Customer Service and Assistance Costs

	Initial Filing	First Revision	Second Revision
Residential	40%	60%	72%
Commercial	60%	40%	28%

Sources: Initial Filing: Attachment CLC-ES-3-6(c) (Supplemental 1) (May 6, 2022); First Revision: Attachment CLC-ES-3-6(t) (June 15, 2022); Second Revision: Attachment CLC-ES-3-6(t2) (July 11, 2022).

These relative shares are then used to weight the costs that are allocated to residential and commercial customers. Those costs are then further allocated within the residential and commercial classes based on the number of customers in each class, as demonstrated in Attachment CLC-ES-3-6(u) (Revised July 11, 2022). These revisions result in a reasonable cost-based allocator for customer service and assistance costs. Accordingly, I have accepted this change and utilized it in the preparation of updated exhibits.

Q. What is your opinion of the updated primary and secondary shares for line transformers in account 368?

A. I support this update, which appears to be responsive to my Surrebuttal Testimony filed on June 24, 2022. (Exhibit CLC-JDW-Surrebuttal-1 at 18.) In that testimony, I noted that it was not clear why Eversource calculated primary and secondary shares for accounts 364, 365, 366, 367, and 368 based on costs from 1986-2015, excluding costs of equipment placed in service more recently. I also noted that it was unclear whether those costs were original costs or represented the remaining undepreciated balance, so I could not determine whether it was appropriate to weight costs from each year equally. (*Id.*)

In its July 1 Filing, Eversource updated the cost basis for determining the voltage splits used to allocate cost shares to primary and secondary service by using the net book value for all in-service equipment (referred to as "retirement units") as of December 2020. Neither Eversource's July 1 Filing nor its July 11 Filing, for which Eversource Witness Chapman was named as the person responsible, included a narrative explanation for this update. At the July 13, 2022 hearing, Mr. Chapman provided some narrative explanations for this update, suggesting that new data had become available to the Company since the previous update and thus the method used by the Company changed for the July 1 Filing. Mr. Chapman stated that:

> The data available on the previous rate application made information available by the year of the installation of the item, and that information was not available for the update for this rate application. However, for this update what is available is greater detail by line item, shall we say, within each account… So there's less information in one sense but more information in another.

(Tr. Vol. 8 at 791, lines 10-19.) When asked why the data were not available prior to the July 1 Filing, Mr. Chapman stated that he "shouldn't speak for the Company in this regard." *Id.* at 791, lines 22-23.

While Mr. Chapman was unable to speak for Eversource regarding the reason that the updated data were not available for filings prior to July 1, 2022, it appears to be his position that Eversource reached the conclusion that the "greater detail by line item" provided within each account would improve the determination of the primary and secondary shares.

The resulting primary share for account 368 is 97.82%, a slight increase from the 97.56% value identified in a previous correction and the 97.56% value included in Eversource's initial filing. (CLC-ES-3-6 Supplemental 2, Item 1 on Voltage Splits (June 15, 2022); Attachment CLC-ES-3-6(h) (Revised July 11, 2022).)

In my opinion, this new method represents a significant improvement in transparency. As I noted in my Surrebuttal Testimony (at 18), the workpapers supplied in support of CLC-ES-3-6 Supplemental 2, Item 1 included multiple rows of NSTAR primary and secondary costs, with no indication as to what differentiates the rows from each other. By including "greater detail by line item" (Tr. Vol. 8 at 791, line 16), the basis for allocating costs to primary and secondary shares is improved. Accordingly, I have accepted this change and utilized it in the preparation of updated exhibits.

Q. What is your opinion of the updated primary/secondary assignments, exclusion of "unspecified items" from the primary/secondary share computation, and correction of errors in account assignments?

A. The corrections described in Eversource's responses to RR-CLC-5 and RR-CLC-6 (dated July 22, 2022) address the concerns I identified in my review of the July 11 Filing. For example, in RR-CLC-5 (1(h)), Eversource corrected the designation of the overhead cable type CU 6-3C to indicate that it is in secondary service. Also in RR-CLC-5 (1(i-j)), Eversource removed non-unitized and unspecified items from the primary/secondary share computation (previously they had been assigned to secondary by default). Accordingly, I have accepted these changes and utilized them in the preparation of updated exhibits.

III. REMAINING DISAGREEMENT ON ALLOCATION OF COSTS TO PRIMARY AND SECONDARY SHARES

Q. What is your remaining area of disagreement with respect to the allocation of costs to primary and secondary shares?

A. I disagree with Eversource's decision to amalgamate primary shares for accounts 364 and 365, along with accounts 366 and 367. (CLC-ES-3-6 Supplemental 2, 3rd bullet.)

Prior to elaborating on the remaining area of disagreement, I will begin my explanation by agreeing in large part with the revisions that Eversource has made. Eversource's new data and methods for accounts 364 through 367 begin with the same steps as used for account 368. To the extent that the methods and application are the same as for account 368, I am in agreement with the method shown in the workpapers in the July 11 Filing.

Q. Before discussing your disagreement regarding the amalgamation, please explain what it means to amalgamate primary shares for the relevant accounts.

A. Eversource averages the primary/secondary share percentages for accounts 364 and 365, and also for accounts 366 and 367. Eversource calculates that the primary shares for accounts 364 and 365 are 100% and 72%, respectively. Eversource then uses a cost-weighted average to calculate the "amalgamated" primary share for both accounts 364 and 365 as 80%.

Similarly, Eversource calculates the primary shares for accounts 366 and 367 are 96% and 68%, respectively, resulting in an "amalgamated" primary share of 77% for both accounts. (Attachment RR-CLC-3(e).)

Q. What is your understanding for the reason why Eversource amalgamated the primary shares?

A. Neither Eversource's July 1 Filing nor July 11 Filing, for which Eversource Witness Chapman was named as the person responsible, included a narrative explanation for the amalgamations. At the July 13, 2022 hearing, Mr. Chapman provided some narrative explanation for the amalgamations:

> Partly it's a matter of industry practice, especially with respect to Accounts 366 and 367. Those are often amalgamated -- less so for 364 and 365. But conceptually the basic idea is that if we speak of 366 and 367, Account 366 is underground conductor and 367 is the conduit, or vice versa – I can't remember which. But anyway, the hypothesis then is that for every foot of conductor there's a foot of conduit. And that works pretty well for 366 and 367.

Tr. Vol. 8 at 794, line 18 to 795, line 3. Mr. Chapman also explained that the principle is not always applied for accounts 364 and 365, but that the amalgamation of accounts 364 (poles and towers) and 365 (conductors) is "admissible, I think, from the point of view of industry practice … just because the assets are used in common with each other. You don't do poles without conductors. So there's a general theoretical case to be made for the joint use of 364 and 365, and 366 and 367." Tr. Vol. 8 at 795, lines 9-15.

This position is restated in Eversource's more recent response to RR-CLC-2.

Q. Please explain your disagreement with Eversource's decision to amalgamate the primary shares for the accounts in question.

A. With respect to the amalgamation of primary shares, in my Surrebuttal Testimony, I explained why it is incorrect to allocate the cost of poles, towers, and fixtures (account 364) on the same basis as overhead conductors and devices (account 365) and why it is incorrect to allocate the cost of underground conduit (account 366) on the same basis as underground conductors and devices (account 367). (Exhibit CLC-JDW-Surrebuttal-1 at 19-22.)

In its response to RR-CLC-2, Eversource disagrees with my position. Specifically, Eversource states that my recommendation to allocate 100% of account 364 costs to primary service is "inappropriate." Fundamentally, Eversource is correct that it is inappropriate to classify all poles as primary. For that reason, I described and endorsed the proper method to correctly allocate the cost of poles (and related equipment) to secondary service. However, as that method is rather complicated, I recommended the simpler approach of allocating all costs in account 364 to primary service. (Exhibit CLC-JDW-Surrebuttal-1 at 21-22.)

Eversource seems to agree with me regarding the advantage of taking a simpler approach to functionalizing and classifying the cost of poles and related equipment, as its workpaper shows that 100% of pole costs are either for poles that are in primary service or may serve both (or either) primary and secondary. (Attachment RR-CLC-3(e).)

But in order to achieve its preferred outcome of allocating a portion of account 364 costs to secondary service, Eversource amalgamates the costs of poles and related equipment with the cost of overhead conductors. This arbitrary method does not determine the percentage of account 364 costs that are in secondary service.

Q. Do you agree with Mr. Chapman's "general theoretical case" for amalgamating the cost of poles, towers, and fixtures (account 364) with the cost

of overhead conductors and devices (account 365) when determining the primary and secondary shares?

A. No. While Mr. Chapman is correct that poles and conductors are built together, the Federal Energy Regulatory Commission ("FERC") created separate accounts for poles and conductors with good cause. As I explained in my Surrebuttal Testimony, the relationship between the cost of poles, towers, and fixtures and the cost of conductors and devices is tenuous at best. (Exhibit CLC-JDW-Surrebuttal-1 at 20.)

Q. Do you agree with Mr. Chapman's "general theoretical case" for amalgamating the cost of underground conduit (account 366) with the cost of underground conductors and devices (account 367) when determining the primary and secondary shares?

A. No. While Mr. Chapman is correct in stating "that for every foot of conductor there's a foot of conduit" (Tr. Vol. 8 at 794, line 24 to 795, line 3), it is incorrect to assume that underground conductor costs scale in the same way as conduit. Conduit for primary conductors does not cost much more than conduit for secondary conductors (if conduit is used at all), but the cost of conductors and related equipment for primary service can be much greater than for secondary service. Imposing an amalgamation of the costs for two FERC accounts prior to determining how the actual costs for those accounts should be shared between primary and secondary service weakens, rather than enhances, the cost basis.

Similar to my earlier discussion of accounts 364 and 365, Eversource's workpaper shows that 96% of underground conduit costs are either in primary service or may serve both (or either) primary and secondary. (Attachment RR-CLC-

3(e).) There is no sound reason to arbitrarily reduce this share to 77% by amalgamating the costs of account 366 with those of account 367.

Q. Why is it important to use costs as the basis for the primary and secondary shares?

A. I agree with Mr. Chapman on this point. He stated at the hearing that "… the purpose of the splits is to ensure that costs are allocated to customer groups that actually make use of the assets. So one would want a primary-level customer not to be responsible for secondary-level costs." (Tr. Vol. 8 at 783, lines 12-16.)

The Company's decision to amalgamate costs from two accounts into a single voltage split percentage is at odds with Mr. Chapman's answer. By using a percentage that is somewhere between the value for each account, it is *necessarily* the case that the resulting cost allocation causes either (a) primary-level customers to be responsible for some secondary-level costs for an account or (b) secondary-level customers to be allocated exclusive responsibility for some primary-level costs.[3]

Q. Does Eversource provide any other reasons to amalgamate costs from two accounts into a single voltage split percentage?

A. In its response to RR-CLC-2, Eversource argues that because it has "previously received approval for use of Account 365 as a proxy for Account 364," the

[3] Secondary-level customers bear responsibility for a proportionate share of primary-level costs since the primary distribution system supplies the secondary distribution. Where primary voltage costs are 100% of account 364 costs, and amalgamation reduces that share to 80%, the 20% difference represents costs that likely include equipment that serves primary-level customers but that are allocated exclusively to secondary-level customers.

amalgamation method is "reasonable, appropriate and consistent with Department precedent."

In his hearing testimony, Mr. Chapman stated that because Eversource changed the data source, the resulting allocation might change significantly and that it might be difficult to explain that change because it is in the details of the analysis. (Tr. Vol. 8 at 795, line 16 to 796, line 5.) He then argues that the amalgamation of account 364 with account 365, and account 366 with account 367, would avoid volatility in the shares, presumably meaning from one rate case to the next. (Tr. Vol. 8 at 796, lines 6-19.)

Q. Is the amalgamation method consistent with Department precedent?

A. No. The weighted average method is not the same as using one account as a proxy for another. It is more reasonable and appropriate to use actual costs from accounts 364 and 366 for allocation purposes than to use either costs from other accounts or a weighted average of costs from two accounts.

Q. Does the amalgamation avoid volatility?

A. No. In Table 2, I have elaborated on a table included in Eversource's response to RR-CLC-3. In its table, Eversource calculated the impact on class revenue targets resulting from application of the corrections included in its responses to RR-CLC-4 through RR-CLC-6, as described in Section II. Eversource reasonably concludes that the "resulting revenue targets differ only slightly."

I have added the impact on class revenue targets resulting from application of cost-based voltage splits, *i.e.* removing the effect of the amalgamation from the voltage splits. As shown in Table 2, the difference is somewhat larger, but could still be reasonably characterized as differing only slightly and is not large enough to result in rate volatility.

Table 2: Allocated Distribution Revenue by Class at Equal Return

Region	Rate	Filed (2nd Revision)[1,2]	Revised[1]	Difference ($)	Difference (%)	Cost-Based Voltage Splits[3]	Difference ($)	Difference (%)
		a	b	c = b - a	d = c / a	e	f = e - c	g = f / c
All	R-1/R-2	$581,996,647	$582,072,425	$75,778	0.01%	$581,784,125	-$288,300	-0.05%
All	R-3/R-4	$74,685,464	$74,695,754	$10,289	0.01%	$74,655,957	-$39,797	-0.05%
Boston	G-1/T-1	$159,576,966	$159,600,641	$23,674	0.01%	$159,504,545	-$96,096	-0.06%
Boston	G-2	$137,769,708	$137,791,091	$21,382	0.02%	$137,698,208	-$92,883	-0.07%
Boston	G-3	$72,918,010	$72,809,287	($108,723)	-0.15%	$73,246,046	$436,759	0.60%
Boston	WR	$1,526	$1,526	$-	0.00%	$1,526	$0	0.03%
Cambridge	G-1G-4/G-6	$12,376,687	$12,378,315	$1,629	0.01%	$12,371,516	-$6,799	-0.05%
Cambridge	G-2	$21,725,714	$21,729,118	$3,404	0.02%	$21,714,075	-$15,043	-0.07%
Cambridge	G-3	$18,654,283	$18,632,237	($22,047)	-0.12%	$18,720,069	$87,832	0.47%
Cambridge	G-5	$345,584	$345,640	$55	0.12%	$345,401	-$239	-0.07%
South	G-1/G-7	$61,487,656	$61,496,360	$8,704	0.01%	$61,459,737	-$36,623	-0.06%
South	G-2	$14,970,988	$14,971,151	$163	0.00%	$14,969,562	-$1,589	-0.01%
South	G-3	$12,920,666	$12,913,411	($7,255)	-0.06%	$12,941,740	$28,329	0.22%
South	G-4	$139,641	$139,653	$12	0.01%	$139,598	-$55	-0.04%
South	G-5	$695,183	$695,278	$94	0.01%	$694,888	-$390	-0.06%
South	G-6	$243,600	$243,641	$41	0.02%	$243,457	-$184	-0.08%
WMA	23	$10,230	$10,231	$1	0.01%	$10,227	-$4	-0.04%
WMA	24	$428,563	$428,622	$59	0.01%	$428,384	-$238	-0.06%
WMA	G-1	$30,858,151	$30,862,438	$4,287	0.01%	$30,845,088	-$17,350	-0.06%
WMA	G-2	$13,929,588	$13,931,149	$1,561	0.01%	$13,924,167	-$6,982	-0.05%
WMA	T-2	$21,649,462	$21,648,097	($1,365)	-0.01%	$21,652,066	$3,969	0.02%
WMA	T-5	$10,188,343	$10,175,880	($12,463)	-0.12%	$10,225,215	$49,335	0.48%
All	S-1	$11,408,862	$11,409,191	$329	0.00%	$11,407,518	-$1,673	-0.01%
All	S-2	$2,915,032	$2,915,421	$389	0.01%	$2,913,443	-$1,978	-0.07%

Sources: [1] RR-CLC-3; [2] One typographical error corrected to accurately reflect data from Exhibit ES-ACOS-2 (Second Revised) (July 11 Filing); [3] Exhibit CLC-JDW-Supplemental-2.

Furthermore, even if the updated method caused volatility, the Department has established caps and a floor to avoid volatility in the class allocation of the revenue requirement. It is unnecessary to use the amalgamation of FERC account costs when setting the voltage splits for the allocation of costs to primary and secondary service for this purpose. Assuming that Eversource would eventually propose more cost-based primary and secondary share values, it merely postpones that so-called volatility.

As shown in Table 2, the effect of Eversource's amalgamation is to shift costs away from larger customers, resulting in increased revenue requirements for the smaller rate classes. Eversource's arbitrary amalgamation is not a reasonable cost-based justification for this cost shift, and the Department should reject it.

Accordingly, while I have accepted the majority of Eversource's updates to accounts 364, 365, 366, and 367, I have removed the effect of the amalgamation from the voltage splits table in Attachment RR-CLC-3(d), which is the voltage split update to the Eversource ACOS Model, in the preparation of updated exhibits.

Q. Please summarize your changes to the allocated cost-of-service study.

A. Exhibits CLC-JDW-Supplemental-2 and CLC-JDW-Supplemental-5 adopt all of the Company's updates related to the July 1 and July 11 Filings, except that those exhibits reflect removal of the effect of the amalgamation from the voltage splits table.

IV. UPDATED REVENUE ALLOCATION EXHIBITS

Q. Please summarize your updated revenue allocation exhibits.

A. I am submitting two updated revenue allocation exhibits, CLC-JDW-Supplemental-3 and CLC-JDW-Supplemental-4, which replace exhibits CLC-JDW-Surrebuttal-3 and CLC-JDW-Surrebuttal-4 from my Surrebuttal Testimony (as corrected in an Errata Notice filed on July 19, 2022). For both exhibits, I updated my version of the revenue allocation model with inputs from Exhibits CLC-JDW-Supplemental-2 and CLC-JDW-Supplemental-5.

Q. What is the impact of your correction to the cost-of-service study on the revenue allocation?

A. Since the filing of my Surrebuttal Testimony (Exhibit CLC-JDW-Surrebuttal-2), Eversource has corrected most of the issues I identified. My only remaining recommended correction to the cost-of-service study is the removal of the amalgamation method from the primary/secondary voltage splits in the cost-of-service study described in Section III.

As shown in Table 3, the primary impact of removing the amalgamation method is to increase the base distribution revenue at the equal rate of return ("EROR") for large general service customers and *slightly* decrease it for all other classes. Consistent with the conclusions I drew from Table 2, the results differ only slightly.

Table 3: Base Distribution Revenue at EROR ($ million)

Rate Group	ES-RDC-2 (Second Revised)	CLC-JDW-Supplemental-3	Impact
Residential	642.0	641.7	**- 0.0%**
Small General Service	258.0	257.9	**- 0.0%**
Medium General Service	182.9	182.8	**- 0.0%**
Large General Service	132.6	133.1	**0.3%**
Lighting – Company	11.1	11.1	**- 0.0%**
Lighting – Customer	2.8	2.8	**- 0.1%**
Total Company	**$ 1,229.5**	**$ 1,229.5**	

Similarly, as shown in Table 4, the combined effect at the group level of removing the amalgamation method from the cost-of-service study and applying Department precedent (D.P.U. 19-120) to the revenue allocation process has also diminished. The updated cost-of-service study and application of the total revenue floor results in shifting about $2 million in revenue requirement from the residential and small general groups to the medium general service group.

The diminished effect is in part because the total revenue requirement increased in Eversource's July 1 Filing. As a result, the total revenue floor now only affects the medium general service group. In my Surrebuttal Testimony, the total revenue floor had also affected the small general service group, but as shown in Exhibit ES-RDC-2 (Second Revised), Eversource's method now results in a slight increase in that group's revenue requirement. That increase is eliminated when the Department precedent (D.P.U. 19-120) is applied, resulting in a 0.0% total rate increase for the small general service group as well as the medium general service group.

Table 4: Impact of Corrections on Total Distribution Revenue Requirement ($ million)

Rate Group	At Current Rates	ES-RDC-2 (Second Revised)	Increase (Decrease)	CLC-JDW-Supplemental-3	Increase (Decrease)
Residential	2,083.0	2,207.4	6.0 %	2,206.3	5.9 %
Small General Service	1,079.8	1,080.8	0.1 %	1,079.8	0.0 %
Medium General Service	892.7	890.9	(0.2) %	892.7	0.0 %
Large General Service	823.0	845.7	2.8 %	845.8	2.8 %
Lighting - Company	15.0	16.4	9.4 %	16.5	10.0 %
Lighting - Customer	11.3	11.6	2.2 %	11.6	2.4 %
Total Company	**$ 4,904.8**	**$ 5,052.7**	**3.0 %**	**$ 5,052.7**	**3.0 %**

Removing the amalgamation of primary shares from the cost-of-service study and applying the total revenue floor to the medium general service group eliminates the decrease in total revenue for four rate classes, the largest of which are the Boston G-1/T-1 and G-2 rate classes. 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 5 on the following page.

Lowering the total revenue floor to -1% allows those individual tariffs to benefit from some decrease in total revenue requirement consistent with the target at equal rate of return.

Table 5: Total Revenue Impact at Proposed Revenue Requirement

Rate	ES-RDC-2 (Second Revised)	Corrected	-1% Floor Option
Residential Group	**6.0%**	**5.9%**	**6.1%**
R-1/R-2 Residential	5.5%	5.4%	5.6%
R-3/R-4 Residential Heating	9.8%	10.0%	10.0%
Small General Group	**0.1%**	**0.0%**	**-0.2%**
NEW G-1/T-1 (<=100 kW) (BOST)	- 0.9%	0.0%	-0.3%
NEW G-1/G-6 (<=100 kW) (CAMB)	3.5%	0.0%	- 0.2%
G-5 Comm. Space Heat (CAMB)	2.1%	0.0%	-0.1%
G-1 Gen. Serv. (SOUTH)	0.7%	0.0%	-0.2%
G-7 Optional TOU (SOUTH)	0.5%	0.0%	-0.2%
G-4 General Power (SOUTH)	5.8%	0.0%	-0.1%
G-5 Comm. Space Heat (SOUTH)	- 3.1%	0.0%	-0.2%
G-6 All Electric School (SOUTH)	6.1%	0.0%	-0.1%
23 Optional Water Heating (WMA)	1.1%	0.0%	-0.4%
24 Optional Church (WMA)	4.4%	0.0%	-0.3%
NEW G-1 (<=100 kW) (WMA)	3.5%	0.0%	-0.2%
Medium General Group	**- 0.2%**	**0.0%**	**-0.2%**
NEW G-2 TOU (BOST)	- 1.9%	0.0%	- 0.2%
G-2 TOU (CAMB)	3.1%	0.0%	- 0.1%
G-2 TOU (SOUTH)	5.1%	0.0%	-0.1%
NEW G-2/T4 (WMA)	6.4%	0.0%	-0.2%
Large General Group	**2.8%**	**2.8%**	**2.9%**
Rate G-3 TOU (BOST)	1.4%	2.0%	1.9%
Rate WR (BOST)	- 1.5%	- 1.6%	- 1.6%
Rate G-3/SB1/MS1/SS1 (CAMB)	3.6%	3.4%	3.4%
Rate G-3 TOU (SOUTH)	6.2%	6.2%	6.2%
Rate G-3 (current T-2) TOU (WMA)	5.5%	3.2%	4.3%
Rate T-5 TOU (WMA)	4.4%	4.4%	4.4%

Corrected: Exhibit CLC-JDW-Supplemental-3, Schedules 5-9.

-1% Floor Option: Exhibit CLC-JDW-Supplemental-4, Schedules 5-9.

V. DEPARTMENT STAFF RECORD REQUESTS FOR UPDATED REVENUE REQUIREMENT EXHIBITS

Q. Please summarize the Department Staff's record requests that are relevant to your testimony.

A. The Department Staff made record requests related to adjustments to the revenue requirement. On July 25, 2022, in response to RR-DPU-33, Eversource produced Exhibits ES-ACOS-2 through ES-ACOS-5, consistent with the July 1 Filing, but removing the AMR, CIS, and MDMS legacy costs from base distribution rates. In this section, I discuss the effect of my recommendations on the resulting class allocation of the revenue requirement based on RR-DPU-33. I produced alternative Exhibits CLC-JDW-Supplemental-2A, CLC-JDW-Supplemental-3A, CLC-JDW-Supplemental-4A, and CLC-JDW-Supplemental-5A for those updated revenue requirements.

In response to prior revisions of the cost-of-service study inputs to the revenue allocation model, I have observed some manual changes to the revenue allocation model related to tracker rates. Because Eversource has not yet filed RR-DPU-34, I have not been able to verify that Exhibit CLC-JDW-Supplemental-3A includes any necessary updates to tracker rates. Based on prior experience with these manual changes, I do not expect them to be large enough to significantly affect my conclusions.

Q. What is the impact of the revenue requirement change outlined in RR-DPU-33?

A. As shown in Table 6, the main effect of the 4.1% reduction in the total revenue requirement benefits the residential and small general service groups. Other customer groups have smaller changes.

Table 6: Base Distribution Revenue at EROR, RR-DPU-33 Revenue Requirement ($ million)

Rate Group	**ES-RDC-2 (Second Revised)**	**CLC-JDW-Supplemental-3A**	**Impact**
Residential	642.0	601.3	**- 6.3%**
Small General Service	258.0	249.4	**- 3.3%**
Medium General Service	182.9	181.9	**- 0.6%**
Large General Service	132.6	132.8	**0.1%**
Lighting – Company	11.1	11.1	**- 0.2%**
Lighting – Customer	2.8	2.8	**- 0.2%**
Total Company	**$ 1,229.5**	**$ 1,179.3**	**- 4.1%**

Q. How are the class allocations of the total revenue requirement provided in RR-DPU-33 affected by applying Department precedent (D.P.U. 19-120) to the caps and floor method?

A. The main effect is to reduce the increase in the residential revenue requirement. At Eversource's proposed revenue requirement, the residential group receives an average 5.9% increase (see Table 4). But as shown in Table 7, at the RR-DPU-33 revenue requirement, the residential group only receives an average 3.6% increase.

Even though the revenue requirement target for the small general rate group decreases (see Table 6), its revenue requirement remains essentially unchanged. This is because the group's total revenue requirement is already at the floor. In contrast, the large general rate group receives a decrease in the total revenue requirement because the decrease from the small general rate group is shifted to classes whose total revenue requirement is increasing.

As this change illustrates, the effects of the Department's current caps and floor method result in redistributing costs (or benefits) among classes depending on where those classes are relative to the total revenue cap and floor.

Table 7: Impact of Corrections on Total Distribution Revenue Requirement, RR-DPU-33 Revenue Requirement ($ million)

Rate Group	At Current Rates	ES-RDC-2 (Second Revised)	Increase (Decrease)	CLC-JDW-Supplemental-3A	Increase (Decrease)
Residential	2,083.0	2,207.4	6.0 %	2,158.7	3.6 %
Small General Service	1,079.8	1,080.8	0.1 %	1,080.7	0.1 %
Medium General Service	892.7	890.9	(0.2) %	893.3	0.1 %
Large General Service	823.0	845.7	2.8 %	839.8	2.0 %
Lighting - Company	15.0	16.4	9.4 %	16.5	9.7 %
Lighting - Customer	11.3	11.6	2.2 %	11.4	0.5 %
Total Company	**$ 4,904.8**	**$ 5,052.7**	**3.0 %**	**$ 5,000.4**	**1.9 %**

As shown in Table 8, the effect of the lower revenue requirement in RR-DPU-33 is passed through to most of the individual rate classes within the residential and commercial groups (compared to the results in Table 5). There is relatively little impact on individual rate classes in the small and medium general service groups.

Table 8: Total Revenue Impact at Proposed Revenue Requirement, RR-DPU-33 Revenue Requirement

Rate	ES-RDC-2_Second Revised	RR-DPU-33, Corrected	RR-DPU-33, -1% Floor Option
Residential Group	**6.0%**	**3.6%**	**3.8%**
R-1/R-2 Residential	5.5%	3.1%	3.4%
R-3/R-4 Residential Heating	9.8%	7.8%	7.8%
Small General Group	**0.1%**	**0.1%**	**-0.1%**
NEW G-1/T-1 (<=100 kW) (BOST)	- 0.9%	0.1%	-0.1%
NEW G-1/G-6 (<=100 kW) (CAMB)	3.5%	0.1%	- 0.1%
G-5 Comm. Space Heat (CAMB)	2.1%	0.0%	-0.1%
G-1 Gen. Serv. (SOUTH)	0.7%	0.1%	-0.1%
G-7 Optional TOU (SOUTH)	0.5%	0.1%	-0.1%
G-4 General Power (SOUTH)	5.8%	0.0%	-0.1%
G-5 Comm. Space Heat (SOUTH)	- 3.1%	- 0.1%	-0.1%
G-6 All Electric School (SOUTH)	6.1%	0.0%	-0.0%
23 Optional Water Heating (WMA)	1.1%	0.1%	-0.2%
24 Optional Church (WMA)	4.4%	0.1%	-0.2%
NEW G-1 (<=100 kW) (WMA)	3.5%	0.1%	-0.1%
Medium General Group	**- 0.2%**	**0.0%**	**-0.2%**
NEW G-2 TOU (BOST)	- 1.9%	0.0%	- 0.2%
G-2 TOU (CAMB)	3.1%	0.0%	- 0.1%
G-2 TOU (SOUTH)	5.1%	0.0%	-0.1%
NEW G-2/T4 (WMA)	6.4%	0.0%	-0.2%
Large General Group	**2.8%**	**2.0%**	**2.0%**
Rate G-3 TOU (BOST)	1.4%	1.5%	1.4%
Rate WR (BOST)	- 1.5%	- 1.6%	- 1.6%
Rate G-3/SB1/MS1/SS1 (CAMB)	3.6%	2.6%	2.6%
Rate G-3 TOU (SOUTH)	6.2%	5.2%	5.2%
Rate G-3 (current T-2) TOU (WMA)	5.5%	1.8%	2.2%
Rate T-5 TOU (WMA)	4.4%	3.5%	3.5%

Corrected: Exhibit CLC-JDW-Supplemental-3A, Schedules 5-9.
-1% Floor Option: Exhibit CLC-JDW-Supplemental-4A, Schedules 5-9.

VI. CONCLUSION

Q. Please update your overall recommendations to the Department.

A. I maintain the following recommendations made in my Direct Testimony filed on April 29, 2022 (Exhibit CLC-JDW-1 at 21):

1. The Department should require that Eversource's calculations related to the target revenue allocation process be corrected consistent with prior precedent, following the method described in my direct and supplemental testimonies.
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 could[4] 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%.

Exhibits CLC-JDW-Supplemental-2 and CLC-JDW-Supplemental-3 use the same methods as Exhibits CLC-JDW-3 and CLC-JDW-4 with the exception of a minor simplification to calculating the floor for the small and medium general classes as discussed in my Surrebuttal Testimony (at 13).

I update the additional recommendations made in my Surrebuttal Testimony (at 30) as the modified methods and data included in the July 1 Filing, July 11 Filing, and July 22 RR Responses addressed some of those recommendations. The remaining recommendation is that:

[4] My prefiled Direct Testimony inadvertently used the word "should" rather than "could" on page 21, line 23. However, as stated in several places in my Direct Testimony, I suggested the -1% floor as an option for the Department's consideration. (Exhibit CLC-JDW-1 at 14-15.)

4. The Department should direct Eversource to adopt an updated cost-of-service study, and thus updated revenue allocation and rates, to remove the amalgamation used to modify the primary/secondary splits for accounts 364, 365, 366, and 367.

The updates described in recommendation 4 are included in Exhibit CLC-JDW-Supplemental-2 and CLC-JDW-Supplemental-5 and the resulting allocators in ACOS-2 are included in Exhibits CLC-JDW-Supplemental-3 and CLC-JDW-Supplemental-4.

Finally, the Department should consider my recommendations in light of Eversource's response to RR-DPU-33, as discussed in Section V above.

Q. Does this conclude your testimony?

A. Yes.