THE STATE OF NEW HAMPSHIRE

BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

PREPARED TESTIMONY OF CHRISTOPHER J. GOULDING

ISSUANCE OF RATE REDUCTION BONDS PURSUANT TO 2015 RESTRUCTURING AND RATE STABILIZATION AGREEMENT

Docket No. DE 17-096

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

A. My name is Christopher J. Goulding. My business address is 780 North Commercial Street, Manchester, NH. I am employed by Eversource Energy Service Company as the Manager of New Hampshire Revenue Requirements and in that position I provide service to Public Service Company of New Hampshire d/b/a Eversource Energy ("PSNH" or the "Company").

Q. Have you previously testified before the Commission?

A. Yes, I have.

Q. What are your current responsibilities?

A. I am currently responsible for the coordination and implementation of revenue requirements calculations for PSNH, as well as the filings associated with PSNH's Energy Service ("ES") rate, Stranded Cost Recovery Charge ("SCRC"), Transmission Cost Adjustment Mechanism ("TCAM"), and Alternate Default Energy ("ADE") rate.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support PSNH's request for a finance order under RSA Chapter 369-B that authorizes the Company to use a securitized financing to recover certain costs related to the divestiture of the Company's generation assets. Such a securitization financing is detailed in the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement (the "2015 Settlement Agreement") and was discussed generally as part of the Commission's review and approval of that Settlement Agreement in Docket No. DE 14-238. PSNH witnesses Emilie O'Neil and Katrina Niehaus discuss the details of the securitization financing process. In my testimony, I explain how the principal amount to be securitized will be calculated; how the recovery of Rate Reduction Bond ("RRB") Charges will be included in and interact within PSNH's SCRC; how RRB Charges will be allocated amongst PSNH's rate classes; and changes necessary to the PSNH Tariff to reflect and implement the securitization financing.

Q. Please provide an overview of what costs will qualify as RRB Costs.

A. RRB Costs are defined in RSA 369-B:2, XIV as costs incurred by and obligations of an electric utility, and designated as such by the Commission, and may include, but not be limited to: (a) expenditures incurred in respect of generation assets, entitlements and acquisition premiums, (b) expenditures incurred in respect to the buyout, buydown, restructuring, or renegotiation of power purchase obligations, (c) expenditures incurred in respect to regulatory assets, (d) expenditures incurred to refinance or retire existing debt or existing equity capital of the electric utility and any costs related thereto, (e) amounts necessary to recover federal or state taxes actually paid by an electric utility, which tax liability recovery is modified by the transactions approved in a finance order issued by the Commission pursuant to RSA Chapter 369-B, (f) reasonable costs, as approved by the Commission, relating to the issue, servicing, or refinancing of RRBs under the provisions of RSA Chapter 369-B, including, without limitation, principal and interest payments and accruals, sinking fund payments, debt service and other reserves, costs of credit enhancement, indemnities, if any, owed to the State or the trustee for the RRBs, issuance costs and redemption premiums, if any, and all other reasonable fees, costs, and charges in respect of RRBs and (g) expenditures incurred to implement the 2015 Settlement Agreement or other divestiture of all or some of PSNH's generation assets as ordered by the Commission. The 2015 Settlement Agreement (at line 163) refers back to this statutory definition of RRB Costs.

In 2015, the Legislature amended RSA Chapter 369-B to provide the Commission authority to approve this securitization financing contemplated in the 2015 Settlement Agreement. As part of that recent amendment, RSA 369-B:3, IV(c) was added. Pursuant to RSA 369-B:3, IV(c), the Commission may authorize the issuance of RRBs in an amount sufficient to fund PSNH's stranded costs, deferrals, transaction costs, tax liabilities, employee protections, payments in lieu of taxes, and other expenditures as contemplated in the 2015 Settlement Agreement in connection with the divestiture the Company's generation assets.

The 2015 Settlement Agreement similarly spells out these items as costs that are recoverable via the securitization financing. Beginning at line 261, the 2015 Settlement Agreement provides:

> RRBs shall be authorized in an amount sufficient to fund reasonably expected stranded costs, cost and revenue deferrals, transaction costs, transaction advisor fees, tax liabilities, employee protections, tax stabilization payments, decommissioning costs, retirement costs, environmental costs, and other costs, liabilities, and expenditures set forth in this Agreement, but adjusted per the requirements of the draft legislation attached at Appendix A.

Similarly, the 2015 Settlement Agreement (beginning at line 152) states that the proceeds of the securitization financing will be used "to recognize recovery of such items including, but not limited to stranded costs, cost and revenue deferrals, transaction costs, tax liabilities, employee protections, tax stabilization payments, decommissioning, asset retirement, and environmental costs and liabilities and to recoup [the Company's] investments in generation assets per the terms of this Agreement, up to the extent of the proceeds received."

Q. How do RRB Costs differ from RRB Charges?

A. RRB Costs are the various items that can be recovered via the issuance of RRBs and that will be summed in part to determine the principal amount of RRBs that will be issued. RRB Charges, defined in RSA 369-B:2, XIII, are a component of electric rates that reflect the overall revenue requirement necessary to pay off the RRBs and on-going RRB Costs over time.

Q. How will the principal amount of the securitization financing be determined?

A. The statutory and 2015 Settlement Agreement references I previously provided include a detailed listing of costs, expenses, and other items that the Company may recover as part of the securitization financing.

As noted in the testimony of Ms. O'Neil, the aggregate principal amount of the RRBs can be determined only after the divestiture of the generation assets has been consummated. Only then will PSNH be in a position to calculate its unrecovered net book value, unrecovered deferrals, transaction costs, tax stabilization payments, employee protections and other costs with respect to the divesture of generation assets. However, the determination of the aggregate amount of costs to be securitized is essentially an arithmetic equation. That arithmetic equation is as follows:

Securitization principal amount will equal the sum of:

1) the net book value of the divested generation plant;

2) the book value of divested fuel inventory;

3) the book value of divested generation materials and supplies;

4) cost and revenue deferrals;

5) regulatory assets / liabilities

6) estimated employee protection costs;

7) transfer costs of the pension and PBOP regulatory asset;

8) asset retirement obligations;

9) unamortized cost associated with debt issuances;

10) "make whole premiums" on debt redemptions if necessary;

11) tax stabilization payment obligations as set forth in the Settlement

12) other divestiture-related costs, such as transaction costs (per RSA 369-B:2, XIV, (f)), transaction advisor fees, tax liabilities, professional services related to the divestiture (such as legal, consulting, environmental studies, technical divestiture-related studies), other generation-related services, and auction management., decommissioning costs, retirement costs, environmental costs, and other costs, liabilities, and expenditures (such as stranded generation administrative costs, environmental expenses, visual improvements, and additional studies) per the 2015 Settlement Agreement

Minus the sum of:

1) the proceeds from the sale of PSNH's generation assets;

2) $25 million in deferred equity return on the scrubber, recovery of which PSNH agreed to forego;

3) the net present value of the related tax cash flows reflecting the net benefits of accumulated deferred income taxes relating to amounts that will be recovered through the issuance of rate reduction bonds, using a discount rate equal to the expected interest rate on the rate reduction bonds.

Q. When will the Company be able to quantify these costs?

A. Nearly all of the components of the arithmetic equation set forth above are dynamic, and final amounts will not be known with any specificity until the results of the divestiture process are known and the date of the securitization financing can be estimated with some certainty. For instance:

Net plant: PSNH's net plant value will continue to be amortized until receipt of the securitization proceeds. Thus, an estimate of the net plant value will depend upon how long the divestiture process takes until closing, the proceeds received from the divestiture, and how quickly the securitization offering can go to market.

Fuel, materials, and supplies: The amount of fuel, materials, and supplies on hand and sold will depend upon the operation of the plants up to the time of closing.

Employee protection costs, pension, and PBOP costs: These costs will vary depending upon how many employees the buyer(s) take on versus how many employees throughout PSNH and Eversource Energy Service Company are affected by the divestiture process.

Q. Is the Company asking the Commission to approve a specific principal amount for the securitization?

A. No. The Company is requesting that the Commission approve the methodology for the amount to be securitized and the framework for securitization assuming the sales of the generation assets result in stranded costs. This will allow the Company to be able to rapidly initiate the securitization financing upon the completion of the sale of the generation assets.

In order to expedite the securitization transaction and thereby maximizing the savings to customers, as noted in Ms. O'Neil's testimony, the Company is asking the Commission to issue a finance order authorizing the Company to determine the principal amount of the securitization financing using the arithmetic equation I discussed earlier. When the Company makes its filing(s) seeking approval of the sale of its generation assets, it would concurrently make an informational filing in this docket providing an estimate of each of the components to be recovered via the securitization process as well as an estimate of the overall principal amount of the RRBs. The actual final details will be reported to the Commission in the Issuance Advice Letter that will be filed after the RRBs are priced, but prior to their issuance by a special purpose entity formed to issue the RRBs (the "SPE").

Q. How will the RRBs be repaid?

A. The RRBs will be issued by a special purpose financing entity, as allowed in RSA 369-B:2, VI and in the 2015 Settlement Agreement at line 183. As described in more detail in the testimony provided by Ms. O'Neil and Ms. Niehaus, the SPE will purchase the RRB Property, created pursuant to RSA 369-B:2, XV, from PSNH, and will pay for the RRB Property using the proceeds of the securitization financing. Under the securitization law, the SPE will have an irrevocable vested property right to recover from all of PSNH's retail customers the periodic payments it must make to pay off the RRBs and on-going RRB Costs via RRB Charges.

Q. How will the SPE recover the RRB Charges associated with the RRBs?

A. As discussed in the testimony provided by Ms. O'Neil and Ms. Niehaus, PSNH will enter into a "servicing agreement" with the SPE, wherein PSNH takes on the obligations to include the RRB Charges on retail customers' bills, to receive payments of the RRB Charges from customers, and to remit such payments to a SPE. The right to collect the RRB Charge is irrevocable as provided in RSA 369-B:3, II, and the charge itself is non-bypassable pursuant to RSA 374-F:3, XII(d), RSA 369-B:2, XIII, and RSA 369-B:4, IV.

Q. How will the RRB Charges be reflected on PSNH's bills?

A. PSNH will recover the RRB Charges from its retail customers as part of the Stranded Cost Recovery Charge (SCRC). The RRB Charge will become Part 1 of the SCRC. As noted in the 2015 Settlement Agreement, Part 1 of the SCRC will actually be owned by a SPE, and customers' bills will include a notation informing them of that fact.

Q. How will RRB Charges be calculated?

A. RRB Charges must be sufficient to recover all RRB Costs, including the payment of principal; premium, if any; interest; credit enhancement; and all other fees, costs, and charges of the RRBs. *See* RSA 369-B:2, XIII; RSA 369-B:4, I, II and IV and the 2015 Settlement Agreement at line 163.

Unlike prior securitization financings approved by the Commission where all customers paid an equal RRB Charge, in this financing the RRB Charges will vary by customer rate class. Under the 2015 Settlement Agreement, the overall SCRC, including both Part 1 (the RRB Charges reflecting securitized stranded costs) and Part 2 (other non-securitized stranded costs) varies by rate class. RSA 369-B:3-a, II contemplated and provided the Commission authority to approve such a non-uniform rate design.

The RRB revenue requirement as well as the Part 2 revenue requirement will be allocated among PSNH's customer classes per the table below as set forth in Section III.A of the 2015 Settlement Agreement and approved by Commission order.

LG – Large General Service (> 1,000 kW)	05.75
GV – Primary General Service (≤ 1,000 kW)	20.00
G – General Service (≤ 100 kW)	25.00
R – Residential Service	48.75
OL – Outdoor Lighting	00.50

Please see the testimony of Emilie O'Neil for further detail on the calculation of the average RRB Charges by rate class consistent with the terms of the 2015 Settlement Agreement.

As in PSNH's prior two RRB financings, the RRB Charge revenue requirements may be recovered for ratemaking purposes through a combination of energy and/or demand charges. In Order No. 23,550, the Finance Order for PSNH's first securitized financing, the Commission approved this rate implementation at Finding 13:

> 13. The procedures and methodologies for allocating amounts collected from retail customers that purchase or otherwise obtain back-up, maintenance, emergency or other delivery or energy service, on a pro rata basis among the SCRC and the Delivery Charge, system benefits charge, energy consumption tax, Hydro-Quebec support payments, and, if applicable, the transition or default service charges as these charges are identified in Section V of the Conformed Settlement Agreement and other rates and charges, as described in the Transaction Description and PSNH's Retail Delivery Service Tariff as filed with the Commission in this proceeding, are reasonable.

Illustrative overall stranded cost charges including RRB Charges by rate class using the 2015 Settlement Agreement's allocation of the SCRC were provided by the Company as part of the testimony of Mr. Eric Chung in Docket No. DE 14-238, at hearing exhibit G-a, Attachment EHC-1, page 2 of 11. These overall average SCRC amounts would be recovered through rates using the same procedures and methodologies as PSNH used in its prior securitization financings and SCRC rate calculations. Actual SCRC charges will vary by rate schedule, may vary by separately metered rate options contained in certain rate schedules, may vary by time of use, and may include demand- as well as kWh-based charges.

If any customer class is materially reduced or consolidated to zero, its applicable allocation factor will be reallocated between remaining rate classes to ensure that 100% of the necessary revenue requirement is recovered.

Q. How frequently will the RRB Charges be updated and recalculated?

A. The plan is to update the RRB Charges periodically via the annual or mid-year true-up mechanism to coincide with the changing of the SCRC rate, but RRB Charges changes could occur more frequently via the true-up mechanism if, for example, actual sales by customer class are significantly lower than the forecasts upon which the particular RRB Charge was based . Please refer to the testimony of Emilie O'Neil for additional detail on the true-up mechanism and the timing of the recalculation of the RRB Charges.

Q. How will the revenues collected from the SCRC rate be allocated to the various parts of the SCRC?

A. As I noted above, the RRB Charges will be included as Part 1 of the SCRC cost when calculating the overall SCRC rate. Revenues collected via the SCRC shall, in accordance with the 2015 Settlement Agreement, be allocated first to satisfy the payment of Part 1 (RRB Charge) costs and then to the payment of Part 2 costs of the SCRC. In the event that there is insufficient SCRC revenue to meet both the Part 1 and Part 2 SCRC requirements, the unrecovered Part 2 amounts will be deferred for future recovery. This treatment will enhance the likelihood of satisfying recovery of all RRB Charges in a timely manner, supporting the targeted Triple-A rating of the bonds.

Q. Can you please explain this in more detail and also explain how under- or over-recoveries will be handled?

A. Yes. Under- or over-recoveries of the SCRC will be dealt with via reconciliation of Part 2 of the SCRC. Per the 2015 Settlement Agreement at line 235, "Part 2 of the SCRC will be reconciled annually with a return at the Stipulated Rate of Return on any overrecoveries or underrecoveries of costs."

For example if the revenue requirement associated with the Part 2 SCRC costs was $25 million and the revenue requirement associated with the Part 1 RRB Charge was $40 million but the Company only received $50 million in SCRC revenues, $40 million of the SCRC revenues would be applied to the Part 1 RRB Charge and the remaining $10 million of SCRC revenues would be applied to the Part 2 costs resulting in the deferral and future reconciliation of $15 million of Part 2 costs. Similarly, using this example, if actual SCRC revenues were $75 million (exceeding the $65 million revenue requirement to satisfy Parts 1 and 2 of the SCRC), the excess $10 million would be reconciled as a credit to future Part 2 rate setting.

Q. How would deferred costs or credits associated with the Part 2 of the SCRC be recovered?

A. Consistent with the current SCRC rate setting process, any over/under recovery amount would be deferred for future Part 2 recovery with a return at the Stipulated Rate of Return and incorporated into the next SCRC rate to be effective on January 1 or July 1, as applicable.

Q. How will the issuance of the RRBs impact customers?

A. Customers will realize savings following divestiture and the issuance of the RRBs. If the securitization process were not utilized, the Company's outstanding generation component costs and debt remaining after divestiture would continue to be recovered from customers at a financing cost based on the Company's overall weighted average cost of capital. While the Company does have an above average credit rating, the overall weighted average cost of capital includes both equity and debt returns. The interest rate on the targeted Triple-A credit rating of the RRBs will be materially less than the Company's overall weighted average cost of capital and thus will provide for savings on carrying costs. These lower carrying costs, coupled with the net proceeds of the divestiture process, will result in lower costs to customers.

Q. Will a change to PSNH's Tariff be necessary to implement recovery of the RRB Charges?

A. Yes. PSNH requests that the Commission approve two changes to its Tariff.

The first is to change the definition of "Settlement Agreement" that appears on Page 8 of the Terms and Conditions section of Tariff NHPUC No. 9. The existing definition is no longer operative, as it relates to the prior 1999 PSNH Restructuring Settlement. A condition of the 2015 Settlement Agreement, at line 923, was:

> C. All parties to the PSNH 1999 Restructuring Settlement Agreement must agree that the PSNH 1999 Restructuring Settlement Agreement is rescinded and superseded upon satisfaction of the conditions set forth in Section XI, A & B, above.

All parties to that prior 1999 agreement have concurred; hence, the prior agreement has been rescinded and superseded by the current 2015 Settlement Agreement.

The second Tariff change is to Section 27, "Stranded Cost Recovery Charge," on Page 21 of the Terms and Conditions portion of the Company's Tariff. These changes are necessary to reflect the securitization process approved in the 2015 Settlement

Agreement, particularly how the overall revenue requirement for the RRB Charge will be allocated among customer classes and how the RRB Charge true-up mechanism will work.

These changes to the Tariff are illustrated in Attachment CJG-1 to this testimony. The effective date of the Tariff changes would be coincident with the securitization financing.

Q. Does this conclude your testimony?

A. Yes, it does.

Attachment CJG-1

Changes to PSNH Tariff, Terms and Conditions,

Paragraph 27, Stranded Cost Recovery Charge

ISO-NE: The Independent System Operator of New England, the NEPOOL operating center that centrally dispatches the electric generating and transmission facilities owned or controlled by NEPOOL participants to achieve the objectives of the NEPOOL Agreement.

Local Network: The transmission and distribution facilities which are owned, leased and maintained by the Company, which are located in the states of New Hampshire and Maine and that are used to provide Delivery Service under this Tariff. The Local Network does not include any capacity or transmission or distribution facilities owned, leased or supported by the Eversource Energy System Companies.

NEPOOL: The New England Power Pool.

Parties or Party: The Company and/or one or more Customers under this Tariff.

Payment Agent: Any third-party authorized by a Customer to receive and pay the bills rendered by the Company for service under this Tariff.

PTF Facilities: All pool transmission facilities included in the NEPOOL Open Access Transmission Tariff on file with the FERC.

Rate Schedule: The Rate Schedules included as part of this Tariff.

Restated NEPOOL Agreement ("NEPOOL Agreement"): An agreement between the NEPOOL participants dated September 1, 1971 and restated December 31, 1996, as amended from time to time.

Requirements for Electric Service Connections: The booklet prepared by the Company to establish standardized rules and regulations for the installation of electric service connections within the Company's Service Area.

Self-Supply Service: Electric energy and capacity purchased by a Customer directly from the Independent System Operator of New England or the New England Power Pool.

Settlement Agreement: The 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement as approved by the Commission in Order No. 25,920.~~The Settlement Agreement by and between the state of New Hampshire, Northeast Utilities and Public Service Company of New Hampshire dated June 23, 2000, and conformed as of September 22, 2000.~~

Supplier-Rendered Energy Service ("Supplier Service"): The sale of energy and capacity including ancillary services to a Customer by a Supplier.

26. Underground Service

Underground electric distribution facilities will be provided by the Company, in accordance with the provisions of the Company's "Requirements for Electric Service Connections" and this Tariff, when feasible and practicable and when consistent with the normal availability of Company personnel, the orderly scheduling of construction projects, and all as reasonably determined by the Company. Subject to the above-stated limitations on the availability of underground facilities, such facilities will be provided by the Company on a consistent and equitable basis to all who qualify.

27. Stranded Cost Recovery Charge

The Stranded Cost Recovery Charge (SCRC) is the portion of the unbundled retail delivery service bill that is a non-bypassable charge as provided by RSA 369-B:4,IV and RSA 374-F:3, XII to recover the portion of the Company's Part 1 and Part 2 Stranded Costs that are allowed by the Settlement Agreement. The SCRC includes the RRB Charge defined in RSA Chapter 369-B, over-market or under-market IPP and Power Purchase Agreement costs, Non-Securitized Stranded Costs, and other costs and expenses allowed or as authorized by the Commission.

Part 1 of the SCRC is the RRB Charge, and is the source of payment for Rate Reduction Bonds issued pursuant to RSA Chapter 369-B. The right to receive all collections in respect of the Part I charge has been sold to one or more special purpose financing entities. The Company will collect the RRB Charge in Part 1 of the SCRC on behalf of such special purpose financing entities. The special purpose financing entities' ownership of the RRB Charge recovered via Part I of the SCRC will be reflected by an appropriate notation on customers' bills. Part 1 of the SCRC will be billed until the rate reduction bonds issued by the special purpose financing entities and all on-going RRB Costs are paid in full.

Part 1 of the SCRC shall be adjusted as necessary via the True-Up mechanism approved by the Commission in its Order No. _______________ in Docket No. DE _________, and such changes in Part 1 shall become effective as set forth in that Order.

Part 2 will recover all other non-securitized stranded costs and charges as approved by the Commission and will continue for as long as there are such costs to be recovered by the Company.

The SCRC shall be non-bypassable per RSA 369-B:4, IV and RSA 374-F:3, XII, and shall be collected from each retail customer of the Company. If a retail customer located in the Company's service territory purchases or otherwise obtains retail electric service from any person other than the Company, including, without limitation, any successor referred to in RSA 369-B:8, the servicer or such new electricity service provider or successor shall collect the SCRC, from the retail customer by or on behalf of the Company and remit those revenues to the Company as a condition to the provision of retail electric service to such retail customer. Any retail customer that fails to pay the SCRC shall be subject to disconnection of service to the same extent that such customer would, under applicable law and regulations, be subject to disconnection of service for failure to pay any other charge payable to the Company.

The revenue requirement necessary to recover all Part 1 and Part 2 stranded costs will be allocated among rate classes as follows:

Rate Class	Percentage of Total Revenue Requirement
Residential Service (R, R-OTOD)	48.75
General Service (G, G-OTOD)	25.00
Primary General Service (GV, B*)	20.00
Large General Service (LG, B**)	5.75
Outdoor Lighting Service (OL, EOL)	0.50

*Rate B customers who would qualify for Rate GV except for their own generation.
**Rate B customers who would qualify for Rate LG except for their own generation.

The actual SCRC charges will vary by the rate schedule, may vary by separately metered rate options contained in certain rate schedules, may vary by time of use, and may include demand- as well as kWh-based charges. The Company, every six months, shall compare the amount to be recovered through the SCRC, as defined under the Settlement Agreement with the revenue received from the billing of the SCRC. Any difference between the amount to be recovered by Part 2 of the SCRC during any six month period and the actual revenue received during that period shall be refunded or recovered by PSNH with a return during the subsequent six month period by reducing or increasing Part 2 of the SCRC for the subsequent six month period. The return will be calculated using the Stipulated Rate of Return set forth in the Settlement Agreement.

If any customer class is materially reduced or consolidated to zero, its applicable allocation factor will be reallocated on a pro-rata basis between remaining rate classes based on the then current allocation responsibility.

~~The overall average level of the Stranded Cost Recovery Charge (SCRC) will be 3.4 cents per kilowatt-hour for the period from the Customer Choice Date until the earlier of the date that the non-securitized assets are fully amortized or the Recovery End Date as defined under the Settlement Agreement. The actual SCRC may vary among the different Rate Schedules and within separately metered rate options contained in certain Rate Schedules. During that time, the Company, every six months, shall compare the amount to be recovered through Parts 1, 2 and 3 of the SCRC, as defined under the Settlement Agreement with the revenue received from the billing of the SCRC. If the amount to be recovered exceeds the amount of revenue received through the billing of the SCRC, the difference will be deferred and recovered with a return as a Part 3 amount during the next six month period. The return shall equal the Stipulated Rate of Return set forth in the Settlement Agreement. If the amount to be recovered is less than the amount of revenue received through the billing of the SCRC, the difference will be used to accelerate the amortization of non-securitized stranded assets, thereby shortening the recovery period for such assets.~~

~~Subsequent to the time period described above, the Company shall calculate the SCRC to be billed during each prospective six month period. Any difference between the amount to be recovered through the SCRC during any six month period and the revenue received through the application of the SCRC during that period shall be refunded or recovered with a return during the subsequent six month period by reducing or increasing the SCRC for the subsequent six month period. The return will be calculated using the Stipulated Rate of Return set forth in the Settlement Agreement.~~

28. Transmission Cost Adjustment Mechanism

The Transmission Cost Adjustment Mechanism ("TCAM") will recover, on a fully reconciling basis, the costs incurred by the Company for transmission related services. These costs include charges under the ISO-NE Tariff; charges billed to the Company by Other Transmission Providers; third party charges billed to the Company for transmission related

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