

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

PREPARED TESTIMONY OF ERICA L. MENARD

AUGUST 1, 2019 THROUGH JANUARY 31, 2020
DEFAULT ENERGY SERVICE RATE CHANGE

Docket No. DE 19-082

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

2 A. My name is Erica L. Menard. My business address is 780 North Commercial Street,
3 Manchester, NH. I am employed by Eversource Energy Service Company as the
4 Manager of New Hampshire Revenue Requirements and in that position, I provide
5 service to Public Service Company of New Hampshire d/b/a Eversource Energy
6 (“Eversource” or the “Company”).

7 **Q. Have you previously testified before the Commission?**

8 A. No, I have not testified in person before the Commission, but I have submitted testimony
9 in the Company’s pending rate case in Docket No. DE 19-057.

10 **Q. Please describe your educational background.**

11 A. I graduated from the University of Maine in 1997 with a Bachelor of Arts degree in
12 Economics and Business Administration with a concentration in Finance and from the
13 University of New Hampshire in 2007 with a Master’s in Business Administration.

1 **Q. Please describe your professional experience.**

2 A. I was hired by Public Service Company of New Hampshire (now Eversource) in 2003
3 and have held various positions in the Company with increasing levels of responsibility. I
4 was appointed to my current position of Manager, Revenue Requirements –NH in April
5 2019. Prior to my current role, I held the position of Manager, Budgets & Investment
6 Planning from September 2012 to April 2019. In that role I oversaw the capital and
7 operations and maintenance plan budgets, actuals, and financial reporting for New
8 Hampshire operations. From September 2003 to September 2012, I held the positions of
9 Analyst and Senior Analyst in Economic Development and Load Forecasting and
10 Supervisor of Performance Analysis and Business Planning where I was responsible for
11 sales forecasting, economic analysis, performance management, and business planning
12 activities. Prior to joining the Company, from June 1997 to September 2003, I held
13 various positions at ICF Consulting in Fairfax, Virginia ranging from analyst, product
14 consultant, and project manager with responsibilities for implementing load profiling and
15 load settlement software at various utilities around the world.

16 **Q. What are your current responsibilities?**

17 A. I am currently responsible for the coordination and implementation of revenue
18 requirements calculations for Eversource, as well as the filings associated with
19 Eversource’s default ES rate, SCRC rate, Transmission Cost Adjustment Mechanism
20 (“TCAM”), and Distribution Rates.

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

2 A. The purpose of my testimony is: (1) to provide an overview of this filing; and (2) to seek
3 the necessary approvals to set a fixed ES rate for the Small Customer class (Rates R, R-
4 OTOD, G, G-OTOD, and any outdoor lighting associated with those rates billed under
5 Rates EOL and OL), and a monthly ES rate for the Large Customer class (Rates GV, LG,
6 B, and any private area lighting associated with those rates billed under Rate OL)
7 applicable for the six-month period beginning August 1, 2019 for Eversource's customers
8 who take service under the ES rate.

9 **Q. Please explain the ES rates for which the Company is seeking approval.**

10 A. In this proceeding, consistent with the Settlement Agreement approved in Docket No. DE
11 17-113 and the ES rate filings approved in Docket No. DE 18-002 via Order No. 26,104
12 (February 22, 2018), Order No. 26,147 (June 15, 2018) and Order No. 26,203 (December
13 20, 2018) Eversource is requesting that the Commission review and approve a fixed six-
14 month ES rate for the Small Customer class for the period of August 1, 2019 through
15 January 31, 2020 based on the weighted average of the six monthly contracted prices
16 contained in the supply agreement(s) with the winning ES supplier(s) for the Small
17 Customer class. The fixed ES rate for the period of August 1, 2019 through January 31,
18 2020, for the Small Customer class is \$.08825 per kWh as calculated on page 1 of
19 Attachment ELM-1.

1 The Company is also requesting that the Commission review and approve a monthly-
2 variable ES rate for the Large Customer class for the period of August 1, 2019 through
3 January 31, 2020 based on the six monthly contracted prices contained in the supply
4 agreement with the winning ES supplier for the Large Customer class. The monthly ES
5 rates for the period of August 1, 2019 through January 31, 2020, for the Large Customer
6 class, as calculated on page 2 of Attachment ELM-1, are as follows:

**Large Customer Energy Service
Rates**

| Month | Rate (\$/kWh) |
|----------------|----------------------|
| August 2019 | \$0.07563 |
| September 2019 | \$0.07533 |
| October 2019 | \$0.07824 |
| November 2019 | \$0.08590 |
| December 2019 | \$0.10674 |
| January 2020 | \$0.11955 |

7
8 **Q. Have the cost of Eversource's mandated purchased power obligations from**
9 **independent power producers (“IPPs”), and the power purchase agreements**
10 **(“PPAs”) with Burgess and Lempster been included in the calculation of the two ES**
11 **rates?**

12 **A.** No. Consistent with the Settlement Agreement approved in Docket No. DE 14-238, upon
13 transitioning to a competitively procured energy paradigm, the costs associated with the
14 purchases from the IPPs and under the PPAs are all recovered via the SCRC.

15 **Q. Please describe the detailed support for the calculation of the Large Customer and**
16 **Small Customer ES rates.**

1 A. Attachment ELM-1 (page 1) provides the calculation of the total monthly ES rates for the
2 Small Customer class including the cost of RPS compliance, prior period reconciliation,
3 cost of administrative and general expense associated with the ES offering. The weighted
4 average fixed rate for the six-month period is calculated on Line 13.

5 Attachment ELM-1 (page 2) provides the calculation of the total monthly ES rates for the
6 Large Customer class including the cost of RPS compliance, prior period reconciliation,
7 cost of administrative and general expense associated with the energy service offering.
8 The monthly rates for the six-month period are calculated on Line 11.

9 Attachment ELM-1 (page 3) provides the forecasted administrative and general expenses
10 associated with the energy service offering.

11 Attachment ELM-2 (pages 1 and 2) provides a preliminary reconciliation of the Small
12 Customer and Large Customer ES costs and revenues for the sixteen-month period ended
13 July 31, 2019.

14 Attachment ELM-2 (page 3) provides administrative and general expense allocations to
15 the Small Customer and Large Customer rate classes to be included in each rate class
16 reconciliation in ELM-2, pages 1 and 2 respectively, for the sixteen-month period ended
17 July 31, 2019.

1 Attachment ELM-2 (page 4) provides a preliminary reconciliation of the RPS expense
2 and revenues currently included in the ES rate for the sixteen-month period ended July
3 31, 2019.

4 Attachment ELM-3 (pages 1 and 2) provides a preliminary reconciliation of the cost of
5 the Hydro units and the Hydro Adjuster revenues currently included in the ES rates for
6 the ten-month period ended January 31, 2019.

7 Reconciling factors will be included in the calculation of the ES rates effective August 1,
8 2019. This is consistent with Section 2.H of the Settlement Agreement approved in
9 Docket No. DE 17-113.

10 **Q. What are the final results for Energy Service and Renewable**
11 **Portfolio Standard (RPS) for the reporting period April 2018**
12 **through July 2019?**

13 A. In Attachment ELM-2, pages 1, 2 and 4 include updated forecast amount for May, June
14 and July 2018. The Small Customer Base Rate over recovery on Attachment ELM-2,
15 page 1 for (\$1.2) million is due primarily to revenues higher than forecast offset by
16 energy costs (energy and net metering costs) higher than forecast. The results for Large
17 Customer Base Rate (Attachment ELM-2, page 2) and RPS (Attachment ELM-2, page 4)

1 were an under recovery of \$0.3 million and an over recovery of (\$0.3) million,
2 respectively.

3 **Q. For the Hydro Adjuster that was discussed in the settlement in Docket No. DE 17-**
4 **113 has a reconciliation for the Hydro Adjuster been included in the August 1, 2019**
5 **ES rates?**

6 A. Yes. The sale of the Hydro units was completed in August 2018. All the revenues and
7 costs associated with the Hydro Adjuster are included in the annual reconciliation
8 schedules Attachment ELM-3, pages 1 and 2. All ongoing residual Hydro costs after the
9 sale was complete in August 2018 will be included in the SCRC.

10 **Q. What are the final results for Hydro activity from April 2018 through January**
11 **2019?**

12 A. As shown on Attachment ELM-3, page 1, line 20, the Hydro portion of the ES had an
13 under-recovery balance of \$2.4 million at January 31, 2019. There was a \$0.9 million
14 under-recovery for the period April 2018 through July 2018 related to the Hydro Adjuster
15 rate set in the February 9, 2018 filing for Docket No. DE 18-002. This was primarily due
16 to O&M and Depreciation actual costs being higher than forecast, and Energy Revenue
17 being lower than forecast. There was a \$1.5 million under-recovery for the period
18 August 2018 through January 2019 related to the Hydro Adjuster rate set in the June 8,
19 2018 filing in Docket No. DE 18-002. This was primarily because the rate was based on
20 an estimate of six months of activity, but the Hydro plants were sold in the first month of

1 this rate period and the rate calculation had included a forecast for larger revenues
2 beyond the month of August 2018.

3 **Q. Are you familiar with the terms of RSA Chapter 362-H, “THE PRESERVATION**
4 **AND USE OF RENEWABLE GENERATION TO PROVIDE FUEL DIVERSITY”**
5 **created by that law?**

6 A. Generally, yes. That law requires Eversource and Unitil to solicit proposals from certain
7 “eligible facility” generators in their service territories to purchase 100 percent of those
8 eligible facilities’ net electrical output over a time period that is coterminous with the
9 time period used in Eversource’s ES supply solicitation. On April 26, 2019, Eversource
10 sent a solicitation to the relevant eligible facilities as required by the law and on May 17,
11 2019 the eligible facilities responded to that solicitation. As I understand, because there
12 is a disagreement between the proposed purchase terms offered by Eversource and those
13 offered by the eligible facilities, there are no purchase contracts in place as of the date of
14 this submission. From what I understand, the existence of purchase contracts does not
15 have any direct bearing on the ES rate proposed in this filing.

16 **Q. Does that law require that the purchases from those eligible facilities be made at a**
17 **particular rate?**

18 A. Yes. The law requires the purchases to be at the “adjusted energy rate,” which it defines
19 as 80 percent of the default energy rate applicable to residential customers minus the

1 portion of the rate attributable to compliance with the renewable portfolio standards
2 (“RPS”) law.

3 **Q. Has the Company calculated what the adjusted energy rate would be based upon**
4 **the results of this solicitation?**

A. Yes. The compensation rate for the output of the eligible facilities in Eversource’s territory from August 1, 2019 to January 31, 2020 is \$0.06613 per kWh or \$66.13 per mWh. The calculation has been provided in the table below:

| Description | Amount | Source |
|-----------------------------|------------------|----------------------------------|
| Residential Rate | \$0.08825 | Attachment ELM-1, Page 1 Line 13 |
| RPS Adder | 0.00566 | Attachment ELM-1, Page 1 Line 7 |
| RPS Reconciliation Factor | <u>(0.00008)</u> | Attachment ELM-1, Page 1 Line 8 |
| Net Residential Rate \$/kWh | \$0.08267 | |
| Adjustment % | <u>80%</u> | |
| Adjusted Energy Rate | \$0.06614 | |

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

6 A. Yes, updated tariff pages have been provided as Attachment ELM-4.

7 **Q. Does Eversource require Commission approval of this rate by a specific date?**

8 A. Yes, Eversource is seeking final approval of the proposed ES rates by June 20, 2019, and
9 preferably by June 13, 2019, to allow for appropriate notice to customers and to
10 implement the new rates for service rendered on and after August 1, 2019. Because it is

1 addressed in a separate submission, as part of this submission Eversource is not seeking
2 approval of the adjusted energy rate or any other issues relating to RSA 362-H.

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

4 **A. Yes, it does.**