

THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF ERICA L. MENARD
STRANDED COST RECOVERY CHARGE RATE
UPDATED RATES EFFECTIVE FEBRUARY 1, 2020

Docket No. DE 19-108

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. Yes.

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

10 A. I am currently responsible for the coordination and implementation of revenue
11 requirements calculations for Eversource, as well as the filings associated with
12 Eversource’s Energy Service (“ES”) rate, Stranded Cost Recovery Charge (“SCRC”),
13 Transmission Cost Adjustment Mechanism (“TCAM”), and Distribution Rates.

1 **Q. Why is your testimony of January 10, 2020 being revised?**

2 A. During the technical session held on January 16, 2020, Commission Staff and the OCA
3 suggested that instead of following the timing of the underlying PPA whereby above-
4 market energy costs paid by Eversource to Burgess for energy during the PPA operating
5 year would be recovered in rates in the following year, those costs should be recovered
6 more-or-less contemporaneous with the payment of those costs by Eversource. This
7 updated testimony is intended to effectuate the Commission Staff and OCA's
8 recommendations.

9 The changes set forth in this revised testimony are based on the assumption that the
10 Commission will provide the approvals necessary in Docket No. DE 19-142 to place the
11 Amended PPA between Eversource and Burgess BioPower and the settlement agreement
12 between Eversource, Burgess BioPower, Commission Staff and the OCA into effect. If
13 those approvals in Docket No. DE 19-142 are not forthcoming, the Company will make a
14 compliance filing to update the SCRC that does not include the operation of either the
15 amended PPA or the settlement agreement.

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

17 A. On December 5, 2019, Eversource submitted a petition to adjust SCRC rates effective
18 February 1, 2020 and pre-filed testimony supporting the preliminary rate calculations
19 with the intention of filing updated rate calculations prior to the hearing scheduled on
20 January 21, 2020. The purpose of this testimony is to: (1) provide an update to the

1 December 5, 2019 filing; and (2) seek the necessary approvals to set the updated average
2 SCRC rates, including the Regional Greenhouse Gas Initiative (“RGGI”) adder and
3 potentially a “Ch. 340 Adder”, (described below), to take effect February 1, 2020.
4 Historically, Eversource had provided updates to the SCRC by means of a technical
5 statement with a comparison to the preliminary filing. With the intent of reducing the
6 potential for confusion, Eversource is providing this update through testimony noting the
7 changes from the currently existing rates, rather than changes from the December 5, 2019
8 preliminary filing.

9 **Q. Has the SCRC rate been calculated consistent with the August 1, 2019 SCRC rates**
10 **that were approved by Order No. 26,277 in Docket No. DE 19-108?**

11 A. Yes, the updated February 1, 2020 SCRC rates have been prepared consistent with the
12 last approved SCRC rates.

13 **Q. Are there any significant changes to the rate calculation since it was filed on**
14 **December 5, 2019?**

15 A. Yes. There are two related changes that are included
16 First, at the time of the December 5, 2019 initial filing there was a measure of uncertainty
17 surrounding the treatment of the cumulative reduction factor contained in the Power
18 Purchase Agreement (“PPA”) between Eversource and Burgess BioPower. Given that,
19 Eversource did not include the impacts of the cumulative reduction factor in the initial

1 rate calculation. Those impacts have been included in the calculation of the SCRC rate
2 presented for the Commission here.

3 Second, a new component was added to the SCRC rate that is being called the “Ch. 340
4 Adder”. This adder includes the costs of implementing 2018 N.H. Laws, Chapter 340,
5 “AN ACT requiring the public utilities commission to revise its order affecting the
6 Burgess BioPower plant in Berlin, ...” Laws of 2018, ch. 340 (“SB 577”).

7 In Section 1 of SB 577, the New Hampshire legislature found that the “continued
8 operation of the Burgess BioPower plant in Berlin is important to the energy
9 infrastructure of the state of New Hampshire and important for the attainment of
10 renewable energy portfolio standard goals of fuel diversity, capacity, and sustainability.”
11 Section 2 directed the Commission to “amend its Order No. 25,213 (Docket No. DE 10-
12 195) to suspend the operation of the cap on the cumulative reduction factor as set forth on
13 page 97 of its Order for a period of 3 years from the date the operation of the cap would
14 have otherwise taken effect.” On December 5, 2018, the Commission issued Order No.
15 26,198 amending Order No. 25,213 as specified by Section 2 of SB 577.

16 In recognition of this change in law, Eversource and Burgess BioPower engaged in
17 discussions to amend the PPA that establishes the cumulative reduction factor.

18 Subsequently, Eversource, Burgess BioPower, PUC Staff, and the OCA entered into a
19 settlement agreement calling for approval of the Amended PPA and specifying a cost-
20 recovery methodology for the additional costs created by implementation of SB 577. On

1 December 31, 2019, Eversource and Burgess BioPower filed a joint motion for expedited
2 approval of the settlement agreement pertaining to the amended PPA in Docket No. DE
3 19-142 and is pending before this Commission.

4 Page 2 of the Motion accompanying the settlement agreement notes that “Under the
5 Settlement Agreement, the costs of implementing SB 577 will be recovered from
6 Eversource’s retail customers by a uniform cents per kilowatt-hour charge that will be
7 included as part of the company’s Stranded Cost Recovery Charge (“SCRC”).”

8 Attachment A of the Settlement Agreement contains revised Tariff pages that implement
9 the terms of this Settlement Agreement and which state, in relevant part:

10 The revenue requirement necessary to recover Ch. 340 stranded costs will be
11 allocated on an equal cents/kWh basis for all customer classes. Any difference
12 between the amount of Ch. 340 costs to be recovered during any six month period
13 and the actual revenue received during that period shall be refunded or recovered
14 by PSNH with a return during the subsequent six month period by reducing or
15 increasing Ch. 340 costs for the subsequent six month period. The return will be
16 calculated using the Stipulated Rate of Return set forth in the Settlement
17 Agreement. Ch. 340 costs will continue for as long as there are such costs to be
18 recovered from or refunded to customer by the Company.

19 In light of the two above matters, it was necessary to amend the SCRC calculation from
20 what was provided previously. Because the Commission may not be in a position to rule
21 upon the settlement agreement filed in Docket No. DE 19-142 in time to permit the terms
22 of that agreement to be incorporated in the rate for effect on February 1, 2020,
23 Eversource has provided calculations of the proposed SCRC rate that both includes, and
24 excludes, the impacts of that settlement. For clarity, the SCRC rate, as calculated, applies
25 the cumulative reduction factor as provided in the PPA, and the Ch. 340 Adder, if

1 implemented, would adjust that SCRC calculation. If the Ch. 340 Adder is not
2 implemented, then the SCRC rate would be “as calculated.”

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

5 A. The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F
6 and 369-B. The 1999 PSNH Restructuring Settlement, approved in Order No. 23,549,
7 dated September 8, 2000, defined PSNH’s stranded costs and categorized them into three
8 different parts (i.e., Part 1, 2 and 3). Part 1 costs were composed of the RRB Charge,
9 which was calculated to recover the principal, net interest, and fees related to the original
10 Rate Reduction Bonds (“RRBs”). These original RRBs were fully recovered as of May
11 1, 2013. As part of Eversource’s divestiture of its generating facilities under the 2015
12 PSNH Restructuring and Rate Stabilization Agreement approved by Order No 25,920 in
13 Docket No. DE 14-238, (and pursuant to a Finance Order, Order No. 26,099 dated
14 January 30, 2018 in Docket No. DE 17-096), new RRBs were issued in May 2018 and
15 are included as Part 1 costs in the SCRC rate. Part 2 costs are “ongoing” stranded costs
16 consisting primarily of the over-market value of energy purchased from independent
17 power producers (“IPPs”) and the amortization of payments previously made for IPP
18 buy-downs and buy-outs as approved by the Commission. Also, as part of the divestiture
19 of Eversource’s generating facilities, Part 2 incorporates various new costs, including: the
20 costs of retained power entitlements, unsecuritized prudently incurred decommissioning
21 (if any), environmental, or other residual costs or liabilities related to the generating

1 facilities. Part 3 costs, which were primarily the amortization of non-securitized
2 stranded costs, were fully recovered as of June 2006.

3 Additionally, the SCRC rate billed to customers includes the RGGI refund as required by
4 RSA 125-O:23, II and Order No. 25,664 (May 9, 2014), directing Eversource to rebate
5 RGGI auction revenue it receives through the SCRC rate. As discussed above, the Ch.
6 340 Adder is also being included to recover costs associated with the 2018 N.H. Laws,
7 Chapter 340 as a result of the SB 577 law and amended PPA and settlement agreement
8 proposed in Docket No. DE 19-142.

9 **Q. What is Eversource requesting in this filing?**

10 A. Eversource is requesting approval of the updated February 1, 2020 average SCRC rates
11 provided in this filing. The updated February 1, 2020 average SCRC rates (excluding the
12 RGGI rebate amount but including the Ch. 340 Adder) provided in this filing are shown
13 in the table below. A comparison to current and preliminary rates is also shown in the

14

1 table below for comparison purposes:

Rate Class	Current Rate (cents/kWh)	Preliminary Rate (cents/kWh)	Updated Rate (cents/kWh)
R	1.882	1.245	1.209 1.143
G	1.674	1.162	1.142 1.086
GV	1.433	0.982	0.957 0.975
LG	0.480	0.350	0.403 0.635
OL/EOL	1.685	1.427	1.417 1.280

2

3 Attachment ELM-3 and Attachment ELM-4 provide the updated February 1, 2020 RGGI
4 adder rate calculation that results in the RGGI adder changing from the current rate of
5 negative 0.130 cents/kWh to negative 0.132 cents/kWh for all customer classes.

6 Attachment ELM-5 provides the updated calculation that results in a Ch. 340 Adder of
7 ~~0.068~~ 0.435 cents/kWh. This was not included in the preliminary SCRC rate calculation.

8 **Q. Historically, there was a single average SCRC rate that was applied to all**
9 **customers. Why are there now class specific average SCRC rates?**

10 A. As part of the 2015 Settlement Agreement approved in Docket No. DE 14-238 at Line
11 252 of Section III.A, the SCRC revenue requirement for costs enumerated in that
12 Settlement Agreement is to be allocated to each rate class as follows: 5.75% to Rate LG,
13 20.00% to Rate GV, 25.00% to Rate G, 48.75% to Rate R, and 0.50% to Rate OL.
14 Applying this differing allocation by rate class means that there can no longer be a single

1 average SCRC rate for all customers. Page 1 of Attachment ELM-1 provides the rate
2 class specific average SCRC rates including and excluding the RGGI adder and the Ch.
3 340 Adder applied to all rate classes on a cents per kWh basis.

4 **Q. What are the major reasons for the decrease in the SCRC rate from the rates**
5 **currently in effect?**

6 A. The updated SCRC rates proposed for effect on February 1, 2020 are lower than the
7 current SCRC rates. The costs increases are primarily due to Part 1 Cost increase of \$1.3
8 million due to higher RRB rates and a one-time CSL contract settlement adjustment of
9 \$3.4 million reduction. The cost decreases are primarily due to REC revenue cost
10 decrease of \$8.2 million due to higher credits; Burgess above market costs lower by \$2.7
11 \$27.0 million due to implementation of PPA market cap refund and removal of Burgess
12 over market energy costs from the base SCRC rate and shift to Ch. 340 Adder rate; and
13 higher prior period over recovery of \$17.5 \$21.4 million. Ch. 340 costs add \$5.3 \$33.7
14 million to the SCRC which includes the Burgess Operating Year 6 over cap amount \$5.3
15 million and a forecast of 14 months of over cap amounts of \$28.3 million. These were not
16 included in the current rates.

17 The table below provides additional detail identifying the variance from the underlying
18 cost in the rates that were approved for August 1, 2019 and this proposed February 1,
19 2020 rate filing.

Description	(\$000s)				
	Current	1/10 filing Proposed	1/17 filing Proposed	1/10 filing	1/17 filing
	August 1 Rates	February 1 Rates	February 1 Rates	Inc/(Dec)	Inc/(Dec)
Part 1 Costs	62,500	63,822	63,822	1,322	1,322
Part 2 Costs:					
Amortization and return on IPP Buydown/Buyout Savings	527	490	490	(37)	(37)
Above Market Cost of Non-Wood IPPs	2,260	1,279	1,279	(981)	(981)
Above Market Cost of Burgess	43,864	41,185	16,884	(2,679)	(26,980)
Above Market Cost of Lempster	1,677	1,202	1,202	(475)	(475)
REC Sales/RPS Trueup	(412)	-	-	412	412
ES REC Revenue Transfer Cost	(4,353)	(12,518)	(12,518)	(8,165)	(8,165)
Total Above Market IPP & PPA Costs	43,036	31,148	6,847	(11,889)	(36,189)
Miscellaneous ISO-NE Resettlement/Residual Generation O&MCosts/Credits	951	-	-	(951)	(951)
Seabrook Costs/Credits	(436)	-	-	436	436
CSL Contract Settlement	3,421	-	-	(3,421)	(3,421)
Excess Deferred Income Tax Return	(4,933)	(5,763)	(5,763)	(830)	(830)
Total Part 2 Return	219	(528)	(656)	(747)	(875)
Total Part 2 SCRC Ongoing Costs and Return	42,785	25,347	918	(17,438)	(41,867)
Prior Period Under/(Over) Recovery	1,519	(16,044)	(19,871)	(17,560)	(21,390)
Total Part 1 and Part 2 Costs plus Prior Period Under/(Over) Recovery	106,804	73,128	44,869	(33,676)	(61,935)
Ch. 340 Adder Costs	-	5,267	33,576	5,267	33,576
Total Part 1 and Part 2 Costs plus Prior Period Under/(Over) Recovery and Ch. 340 Costs	106,804	78,395	78,445	(28,409)	(28,359)

- 1
- 2 **Q. Please describe the detailed support for the calculation of the average SCRC rates**
- 3 **provided in Attachments ELM-1 and ELM-2.**
- 4 A. Attachment ELM-1, page 1 provides the calculation of the average SCRC rates for the
- 5 five rate classes incorporating the cost allocation for each rate class defined in the
- 6 settlement agreement approved in Docket No. DE 14-238. Page 2 provides a summary of
- 7 2020 forecasted cost information related to the Part 1 and Part 2 costs. Page 3 provides
- 8 the estimated rate class specific RRB charges that were calculated using the RRB rates
- 9 established in the January 7, 2019 Periodic RRB Charge True-Up Mechanism Advice
- 10 Filing and the January 7, 2020 Periodic RRB Charge True-Up Mechanism Advice Filing
- 11 in Docket No. DE 17-096. Page 4 has been provided to reconcile the amount of funds that

1 are collected through the RRB charge by its inclusion in the SCRC with the amount of
2 funds that are in the Collection and Excess Funds trust accounts. It is important to note
3 that customers are not directly paying the principal, interest and fees associated with the
4 RRBs in the SCRC rate calculation. Instead, customers are paying an RRB charge as part
5 of the overall SCRC rate that results in remittances to the RRB trust that are used to
6 satisfy the principal, interest and fees of the RRBs. The RRB charge is calculated to
7 satisfy the principal, interest and fees of the RRBs using the forecasted sales. Page 5
8 provides detailed cost information by month related to the Part 2 ongoing costs, and
9 summary information for the Burgess and Lempster contracts as well as cost and actual
10 revenues associated with the purchases of RECs from these contracts and the transfer of
11 REC revenues between the ES rate and the SCRC rate to account for the Class 1 RECs
12 necessary to satisfy the Class 1 REC requirement for ES. Page 6 has been added to
13 provide additional details related to the Burgess and Lempster contracts as well as the
14 cost associated with the RECs purchased under these contracts and the transfer of
15 revenues between the SCRC and the ES rates. Attachment ELM-2, pages 1 through 6
16 provide the detailed cost and revenue components relating to the SCRC reconciliation for
17 the 12 months ended January 31, 2020.

18

1 **Q. How are the February 1, 2020 SCRC Part 1 Costs calculated?**

2 A. The Part 1 SCRC actual costs are shown in Attachment ELM-2, Page 3 and forecasted
3 costs are shown in Attachment ELM-1, Page 3. In the months that have been estimated
4 for this filing, the forecasted Part 1 SCRC costs are calculated using the RRB rates
5 established in the latest Routine True-up Letter dated January 7, 2020 in Docket No. DE
6 17-096 multiplied by the forecasted sales for each rate class. Since there is a one-month
7 lag in the RRB remittance process, the forecasted sales are also reported on a one-month
8 lag on Attachment ELM-1, Page 3. These estimates represent a reasonable estimate of the
9 expected RRB charge remittances. Variances between estimated and actual revenue
10 received from Part 1 costs will be reconciled in the August 1, 2020 SCRC filing.

11 **Q. Were the RRB rates updated for the February 1, 2020 SCRC rate filing?**

12 A. Yes. The January 7, 2020 Periodic RRB Charge True-Up Mechanism Advice Filing
13 reflecting revised RRB rates was filed on January 7, 2020 in Docket No. DE 17-096. The
14 Part 1 costs were updated to reflect the revised RRB rates beginning in March 2020 as
15 shown in Attachment ELM-1, Page 3 and applied to the kWh sales forecast used
16 throughout the SCRC rate by class to calculate the revenue required to apply to the to the
17 Part 1 costs. Variances between estimated and actual revenue received from Part 1 costs
18 will be reconciled in the August 1, 2020 SCRC filing.

19

1 **Q. Could you please provide additional details for the Part 2 on-going costs included on**
2 **page 5 of Attachment ELM-1?**

3 A. Yes. The costs included in this updated SCRC filing on page 5 are:

4 1. (Lines 3 through 6): Non-Wood IPPs: All costs and market revenues associated
5 with the existing IPPs. Prior to divestiture, any benefit of below market energy or
6 capacity associated with the IPPs was included in the Energy Service rate, while
7 the above market portion was included in the SCRC. Consistent with the
8 settlement in Docket No. DE 14-238, all IPP costs and revenues, whether above
9 or below market, are included in the SCRC.

10 2. (Line 7) Burgess PPA: Effective April 1, 2018, the costs and market revenues
11 associated with the Burgess PPA are included in the SCRC. Line 11 shows the
12 net cost of the Burgess PPA. Additionally, provided in Attachment ELM-1 (page
13 6) is support for the underlying forecast assumptions related to the costs and
14 revenues associated with the Burgess PPA by month. In accordance with the
15 terms of the pending settlement agreement in Docket No. DE 19-142 and the
16 January 16, 2020 technical session discussions, the Burgess energy costs have
17 been removed from the base SCRC rate calculation and are being recovered
18 through the Ch. 340 Adder rate as shown in Attachment ELM-5 (page 2). This is
19 to allow the above market Burgess energy costs to be recovered from customers
20 on an equal cents per kilowatt hour basis as opposed to the allocation
21 methodology established in Docket No. DE 14-238.

- 1 3. (Line 8) Lempster PPA: Effective April 1, 2018, the costs and market revenues
2 associated with the Lempster PPA are included in the SCRC. Line 12 shows the
3 net cost of the Lempster PPA. Additionally, provided in Attachment ELM-1 (page
4 6) is support for the underlying forecast assumptions related to the costs and
5 revenues associated with the Lempster PPA by month.
- 6 4. (Line 9) Energy Service REC Revenues Transfer: This line has been included to
7 capture the transfer of the RECs necessary to satisfy the Class I REC obligation
8 for ES customers. This is consistent with the treatment of Class I RECs described
9 in Section II.H of the November 27, 2017 settlement in Docket No. DE 17-113
10 where it states: “As to Eversource's RPS obligation relevant to Class I, the
11 Settling Parties agree that it shall be managed in a manner consistent with that
12 described on page 14 of the initial Testimony of Shuckerow, White & Goulding”.
13 That testimony provides, with reference to the Burgess and Lempster contracts:
- 14 The REC amounts purchased from these sources may more than
15 meet energy service obligation quantities, eliminating the need for
16 Class I purchases. Since the 2015 Agreement calls for the costs of
17 those PPAs to be recovered via the SCRC, a transfer price for
18 RECs obtained under those PPAs used to satisfy RPS needs for ES
19 customers must be set. In order to properly account for these Class
20 I REC purchases for both ES and SCRC purposes, Eversource
21 proposes to establish a transfer price equal to the Class I REC
22 prices established via the mechanism described previously.
- 23 5. (Line 10): REC Sales Proceeds: As Class I RECs in excess of those necessary to
24 satisfy the energy service Class I REC requirement are sold, the proceeds
25 associated with the sales will be included in actual data.

- 1 6. (Line 11) ISO-NE/Other Costs: The costs included in this line are miscellaneous
2 ISO resettlement and other costs along with credits that were historically included
3 in the ES rate.
- 4 7. (Line 12) Residual Generation O&M: The ongoing costs and liabilities associated
5 with the divested Generation assets. These include property tax refunds, pension
6 credits, commitments associated with the hydro plants, and legal fees associated
7 with lawsuits related to the Generation assets when they were owned by
8 Eversource.
- 9 8. (Line 13) Excess Deferred Income Taxes (EDIT): At the beginning of 2018, the
10 Federal and State tax rates changed which resulted in EDIT. That excess is to be
11 refunded to customers.

12 **Q. Could you please also provide additional details on the costs on Lines 3 through 14**
13 **on page 5 of Attachment ELM-2?**

14 A. The costs included on Lines 3 through 14 in this updated SCRC filing on page 5 of ELM-
15 2 are:

- 16 1. (Lines 3 through 6): Non-Wood IPPs: All costs and market revenues associated
17 with the existing IPPs. Prior to divestiture, any benefit of below market energy or
18 capacity associated with the IPPs was included in the ES rate, while the above
19 market portion was included in the SCRC. Consistent with the settlement in
20 Docket No. DE 14-238, all IPP costs and revenues, whether above or below
21 market, are included in the SCRC.

- 1 2. (Line 7) Burgess PPA: Effective April 1, 2018, the costs and market revenues
2 associated with the Burgess PPA are included in the SCRC. Line 11 shows the
3 net cost of the Burgess PPA. Additionally, provided in Attachment ELM-2 (page
4 6) is support for the underlying forecast assumptions related to the costs and
5 revenues associated with the Burgess PPA by month. In accordance with the
6 terms of the pending settlement agreement in Docket No. DE 19-142 and the
7 January 16, 2020 technical session discussions, beginning December 2019, the
8 Burgess energy costs have been removed from the base SCRC rate calculation
9 and are being recovered through the Ch. 340 Adder rate as shown in Attachment
10 ELM-5 (page 2). This is to allow the Burgess energy costs to be recovered on an
11 equal cents per kilowatt hour basis as opposed to the allocation methodology
12 established in Docket No. DE 14-238.
- 13 3. (Line 8) Lempster PPA: Effective April 1, 2018, the costs and market revenues
14 associated with the Lempster PPA are included in the SCRC. Line 12 shows the
15 net cost of the Lempster PPA. Additionally, provided in Attachment ELM-2
16 (page 6) is support for the underlying forecast assumptions related to the costs and
17 revenues associated with the Lempster PPA by month.
- 18 4. (Line 9) Energy Service REC Revenues Transfer: This line has been included to
19 capture the transfer of the RECs necessary to satisfy the Class I REC obligation
20 for ES customers. This is consistent with the treatment of Class I RECs described
21 in Section II.H of the settlement in Docket No. DE 17-113 where it says: “As to
22 Eversource's RPS obligation relevant to Class I, the Settling Parties agree that it

1 shall be managed in a manner consistent with that described on page 14 of the
2 initial Testimony of Shuckerow, White & Goulding”. That testimony provides,
3 with reference to the Burgess and Lempster contracts:

4 The REC amounts purchased from these sources may more than
5 meet energy service obligation quantities, eliminating the need for
6 Class I purchases. Since the 2015 Agreement calls for the costs of
7 those PPAs to be recovered via the SCRC, a transfer price for
8 RECs obtained under those PPAs used to satisfy RPS needs for ES
9 customers must be set. In order to properly account for these Class
10 1 REC purchases for both ES and SCRC purposes, Eversource
11 proposes to establish a transfer price equal to the Class I REC
12 prices established via the mechanism described previously.

- 13 5. (Line 10): REC Sales Proceeds: This line includes the following items:
- 14 a. Proceeds from the sales of 2019 RECs (Burgess and Lempster). The costs
15 for these 2019 REC sales are included in Lines 2 and 3 (with additional
16 detail provided on page 6, Lines 7 through 9 and Lines 17 through 19) as
17 the RECs are delivered.
- 18 6. (Line 11) ISO-NE/Other Costs: The costs included in this line are miscellaneous
19 ISO resettlement and other costs along with credits that were historically included
20 in the ES rate.
- 21 7. (Line 12) Residual Generation O&M: The ongoing costs and liabilities associated
22 with the divested Generation assets. These include property tax refunds, pension
23 credits, commitments associated with the hydro plants, and legal fees associated
24 with lawsuits related to the Generation assets when they were owned by
25 Eversource.

- 1 8. (Line 13) Seabrook Costs and Credits: Charges and credits related to Seabrook
2 Power contracts between Eversource and North Atlantic Energy Company
3 (NAEC).
- 4 9. (Line 14) DOE Cash Refund: Reflects one-time proceeds received Maine Yankee
5 Atomic Power Company, Yankee Atomic Power Company, and Connecticut
6 Yankee Atomic Power Company in Phase IV of the Companies' litigation with
7 the U.S. Department of Energy ("DOE") related to refunds of decommissioning
8 costs and FERC settlements with State agencies regarding treatment of the
9 litigation proceeds. The credit reflects PSNH's portion of the Phase IV litigation
10 proceeds in accordance with the FERC settlement agreements.
- 11 10. (Line 15) Excess Deferred Income Taxes (EDIT): At the beginning of 2018, the
12 Federal and State tax rates changed which resulted in EDIT. That excess is to be
13 refunded to customers.
- 14 11. (Line 16) CSL Contract Settlement: In accordance with Order No. 26,238 in
15 Docket No. DE 17-075, Eversource had included the \$3.4 million attributable to
16 settlement of a shipping contract with CSL. In that the settlement funds have been
17 recovered, that amount is now being removed from the rate.

18 **Q. Are the stranded costs that were in excess of the amount securitized as part of the**
19 **Generation divestiture included in this filing?**

20 A. No. On November 27, 2019 in Docket No. DE 17-096, Eversource filed a motion for
21 commencement of audit of divestiture-related costs. In that filing, the Company

1 calculated the total divestiture-related costs of \$654 million which is \$18.4 million higher
2 than the amount securitized. In that filing, the Company indicates that upon completion
3 of the audit and a final audit report, the additional costs will be recovered through Part 2
4 costs of the SCRC rate. As the audit has not yet commenced, the \$18.4 million is not
5 included in this SCRC rate filing.

6 **Q. Please describe the detailed support for the calculation of the RGGI rate provided**
7 **in Attachments ELM-3 and ELM-4.**

8 A. In Order No. 25,664 in Docket No. DE 14-048, and pursuant to RSA 125-O:23, II, the
9 Commission ordered that certain proceeds from the quarterly RGGI auctions be rebated
10 to Eversource's customers through the SCRC. Attachment ELM-3, page 1 and
11 Attachment ELM-4, page 1 provide a summary of 2020 and 2019 information related to
12 RGGI auctions and the amounts allocated to Eversource for refund.

13 **Q. Is Eversource currently proposing a specific RGGI rate at this time?**

14 A. Eversource is requesting approval of the updated February 1, 2020 RGGI rate provided in
15 this filing of negative 0.132 cents/kWh and is 0.002 cents/kWh higher credit than the
16 current August 1, 2019 RGGI rate of negative 0.130 cents/kWh.

17 **Q. Please describe the detailed support for the calculation of the Ch. 340 adder rate**
18 **provided in Attachment ELM-5.**

1 A. As described earlier, in Docket No. DE 19-142, a Joint Motion was filed related to the
2 rate recovery of costs associated with the cumulative reduction factor under the PPA with
3 Burgess BioPower. Broadly speaking, under the terms of the PPA, any amounts in the
4 cumulative reduction factor above \$100 million were to be deducted from the amounts
5 paid to Burgess for purchases under the PPA. At the end of operating year 6, the
6 cumulative reduction factor was \$106,976,603 or \$6,976,603 above the limit set by the
7 PPA. That amount was reduced by the Excess MWh adjustment called for in the PPA of
8 \$1,709,925, which will be deducted from the amounts paid to Burgess during the first
9 three months of operating year 7 (December 2019 through February 2020). The Excess
10 MWh adjustment is not specifically associated with the Amended PPA and the Ch. 340
11 Adder. Therefore, the \$6,976,603 is reduced to \$5,266,678 that would have been
12 deducted from the amounts paid to Burgess during operating year 7 (December 2019
13 through November 2020). Under the terms of the pending settlement agreement in
14 Docket No. DE 19-142, rather than being deducted from the amounts paid to Burgess,
15 that excess would be recovered from customers through the SCRC on an equal cents per
16 kWh basis rather than the specified class percentages. The Ch. 340 Adder rate is ~~0.068~~
17 **0.435** cents/kWh. Attachment ELM-5, page 1, provides a summary of the rate
18 calculations **and Attachment ELM-5, page 2, provides the monthly detail for the Burgess**
19 **energy costs and revenues**. But for the impact of SB 577, this \$5,266,678 amount would
20 have been refunded to customers. In order to implement the equal cents-per-kilowatt-hour
21 recovery methodology set forth in the Docket No. DE 19-142 Settlement Agreement for
22 this amount, the \$5,266,678 was credited to customers in the SCRC calculations using the

1 2015 Settlement's SCRC rate design, then the equal cents-per-kilowatthour Ch. 340
2 Adder will be added back in for each rate category. Additionally, during the January 16,
3 2020 technical session, Commission Staff and the OCA recommended that the forecasted
4 over cap costs for Burgess should be recovered in current rates rather than waiting until
5 the end of the operating year and recovering in the following year. Therefore, the Burgess
6 energy costs were moved to the Ch. 340 Adder rate as shown in Attachment ELM-5.
7 Since these are forecasted costs and revenues and rely on assumptions of Burgess energy
8 output and market prices as well as forecasted retail MWh sales, the Ch. 340 adder costs
9 will need to be reconciled in future SCRC rate filings. If the Commission either rejects
10 the Amended PPA with Burgess or decides not to implement the Amended PPA and the
11 terms of the Docket No. DE 19-142 Settlement Agreement as part of the February 1,
12 2020 SCRC rate, then the Ch. 340 Adder would not be included in the SCRC and the
13 Burgess energy costs would need to be recovered from customers in the base SCRC rate
14 using the Docket No. DE 14-238 allocation percentages. The Company would then file
15 an updated compliance filing to reflect the change. If the Amended PPA and the
16 Settlement Agreement are later approved, the costs would be deferred for later recovery
17 with a return at the Stipulated Rate of Return

18

1 **Q. Has the Company included rate exhibits and calculations of the customer bill**
2 **impacts for the proposed February 1, 2020 SCRC rate change?**

3 A. Yes, this detail is provided in Attachment ELM-6.

- 4 • Page 1 compares the current SCRC rates in effect to the updated SCRC rates
5 proposed for effect February 1, 2020 by rate class.
- 6 • Page 2 provides the rate adjustment factor and SCRC rates by rate class for the
7 current and updated SCRC rates (including the Ch. 340 Adder), including and
8 excluding the RGGI refund.
- 9 • Page 3 provides the calculation of the SCRC rate adjustment factors by rate
10 classification for the updated proposed average SCRC rates and RGGI adders.
- 11 • Page 4 provides a comparison of residential rates proposed for effect February 1,
12 2020 to current rates effective August 1, 2019 for a 550 kWh monthly bill, a 600
13 kWh monthly bill, and a 650 kWh monthly bill.
- 14 • Page 5 provides a comparison of residential rates proposed for effect February 1,
15 2020 to rates effective February 1, 2019 for a 550 kWh monthly bill, a 600 kWh
16 monthly bill, and a 650 kWh monthly bill.
- 17 • Page 6 provides the average impact of each change on bills for all rate classes by
18 rate component on a total bill basis, excluding energy service.
- 19 • Page 7 provides the average impact of each change on bills for all rate classes by
20 rate component on a total bill basis, including energy service.

21 The rate impacts provided in Attachment ELM-6 incorporate changes in the Distribution
22 rates reflecting the temporary rates approved in Docket No. DE 19-057, the Systems

1 Benefit Charge rate reflecting rate changes approved in Docket No. DE 17-136 for effect
2 January 1, 2020, the Energy Service rate reflecting rate changes approved in Docket No.
3 DE 19-082 for effect on February 1, 2020, and the SCRC rate changes proposed in this
4 filing.

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

6 A. Yes. Updated tariff pages are provided in Attachment ELM-7. Page 1 provides the clean
7 tariff page and page 2 is marked to show the proposed changes. These include the Ch.
8 340 Adder previously discussed in my testimony, approval of which is currently pending
9 in a separate proceeding, Docket No. DE 19-142.

10 **Q. Does Eversource require Commission approval of the SCRC rate billed to**
11 **customers by a specific date?**

12 A. Yes, Eversource is requesting final approval of the SCRC and RGGI rate by January 24,
13 2020, to implement the new rates for service rendered on and after February 1, 2020.

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

15 A. Yes, it does.