



STATE OF NEW HAMPSHIRE

BEFORE THE PUBLIC UTILITIES COMMISSION

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY

RATE RECOVERY OF COSTS IN EXCESS OF THE CUMULATIVE REDUCTION CAP
UNDER THE POWER PURCHASE AGREEMENT WITH BERLIN STATION, LLC

DIRECT TESTIMONY OF FREDERICK B. WHITE

Docket No. DE 19-142

1 Q. Please state your name.

2 A. My name is Frederick B. White.

3 Q. Mr. White, please provide your business address and title.

4 A. My business address is 107 Selden St, Berlin, Connecticut. I am a Supervisor in the Electric
5 Supply department of Eversource Energy.

6 Q. Mr. White, please describe your responsibilities at Eversource Energy.

7 A. I supervise and provide analytical support required to fulfill the power supply requirement
8 obligations of Public Service of New Hampshire, d/b/a Eversource Energy ("PSNH,"
9 "Eversource" or the "Company"), including conducting solicitations for the competitive
10 procurement of power for Energy Service (at times referred to herein as "ES") and for fulfilling
11 Renewable Portfolio Standards ("RPS") obligations. I am also responsible for on-going activities
12 associated with independent power producers and purchase power agreements.

13 Q. What is the purpose of your testimony?

14 A. The purpose of my testimony is to support the Company's request for Commission approval
15 under RSA 374:57 of an amendment (the "First Amendment to the PPA") to the Amended and

1 Restated Power Purchase Agreement (“PPA”) between PSNH and Laidlaw Berlin Biopower,
2 LLC (“LBB”) and Berlin Station. The existing PPA was approved by the Commission in Order
3 No. 25,239, “Order Denying Motion for Rehearing Filed by Wood IPPs, Granting Withdrawal of
4 Document Filed by Edrest Properties, and Addressing Compliance with Conditions Set Forth in
5 Order No. 25,213,” dated June 23, 2011 in Docket No. DE 10-195 per conditions set forth by the
6 Commission in Order No. 25,213, “Order Granting Conditional Approval,” dated April 18, 2011.

7 **Q. What is the background for the First Amendment to the PPA?**

8 A. The purpose of the “First Amendment to the PPA,” dated November 19, 2019, is to effectuate
9 2018 N.H. Laws Chapter 340, (“SB 577”) "AN ACT requiring the public utilities commission to
10 revise its order affecting the Burgess BioPower plant in Berlin, prohibiting the import of certain
11 liquid fuels, and relative to the production of useful thermal energy.” Governor Sununu signed
12 SB 577 into law on June 28, 2018, and the law took effect on July 1, 2018.

13 SB 577 contains a statutory finding “that the continued operation of the Burgess BioPower plant
14 in Berlin is important to the energy infrastructure of the state of New Hampshire and important
15 for the attainment of renewable energy portfolio standard goals of fuel diversity, capacity, and
16 sustainability.” Laws 2018, 340:1.

17 SB 577 required the Commission to “amend its Order No. 25,213 (Docket DE 10-195) to suspend
18 the operation of the cap on the cumulative reduction factor as set forth on page 97 of its Order for
19 a period of 3 years from the date the operation of the cap would have otherwise taken effect.”
20 (Laws 2018, 340:2).

1 On December 5, 2018, the Commission, following a prehearing conference and briefing by the
2 parties in DE 10-195, complied with SB 577 by issuing Order No. 26,198, “Order Amending
3 Order No. 25,213.” In that December, 2018 Order, the Commission ordered that Order No.
4 25,213 be amended by adding in the second paragraph on page 97: *“Amendment made December
5 5, 2012, as required by Laws of 2018, ch. 340: Operation of the cap shall be suspended for three
6 years from the date on which the cumulative amount reaches \$100 million.”*

7 As a result of the enactment of SB 577 into law and the Commission’s amendment of Order No.
8 25,213, the Parties to the existing PPA entered into discussions to determine how to meet the
9 legislative purpose of ensuring the continued operation of the Burgess BioPower plant in Berlin.

10 Ultimately, the Parties agreed to the First Amendment to the PPA as the means of implementing
11 SB 577.

12 **Q. Please describe how the First Amendment to the PPA changes the existing PPA.**

13 A. The First Amendment to the PPA makes two changes to the existing PPA. These changes are set
14 out in Paragraph 2, “Amendments.”

15 The first change, in subparagraph 2 (a) implements the changes intended by SB 577. Section
16 6.1.4(c) of the existing PPA is changed to suspend the operation of the cap on the cumulative
17 reduction factor for a period of 3 years from the date the operation of the cap would have
18 otherwise taken effect, as directed by SB 577.

1 The Parties used this opportunity to amend the existing PPA to settle one other matter not related
2 to SB 577. This matter is a property tax issue regarding substation property in Berlin owned by
3 PSNH but dedicated solely to the operation of the Burgess BioPower facility. Under the
4 Interconnection Agreement between the Parties, Burgess is responsible for payment of the
5 property taxes assessed by the City of Berlin attributable to those substation facilities. Since the
6 City's property tax bill to PSNH includes all the Company's property in Berlin without any
7 itemization, the proper allocation of taxes to Burgess had been in dispute, and approximately
8 \$1.16 million in property tax reimbursement by Burgess to Eversource were unpaid.

9 Subparagraph 2 (b) of the First Amendment to the PPA settles the amount of the outstanding
10 property tax. As a result of this resolution, Burgess has recently paid the disputed amount of
11 \$1.16 million property tax reimbursement to Eversource.

12 **Q. Why does the Company seek approval of this First Amendment to the PPA from the**
13 **Commission?**

14 A. As noted earlier, SB 577 calls for a suspension of the operation of the cumulative reduction factor
15 in the exiting PPA for a period of three years. This three-year change to the existing PPA invokes
16 the requirement of RSA 374:57. RSA 374:57 reads as follows:

17 **RSA 374:57 Purchase of Capacity.** – Each electric utility which enters into an
18 agreement with a term of more than one year for the purchase of generating capacity,
19 transmission capacity or energy shall furnish a copy of the agreement to the commission
20 no later than the time at which the agreement is filed with the Federal Energy Regulatory
21 Commission pursuant to the Federal Power Act or, if no such filing is required, at the
22 time such agreement is executed. The commission may disallow, in whole or part, any

1 amounts paid by such utility under any such agreement if it finds that the utility's decision
2 to enter into the transaction was unreasonable and not in the public interest.

3 The First Amendment to the PPA is an agreement subject to this statute, as it has a three-year
4 impact on the existing PPA and involves the purchase of generating capacity and energy.
5 In addition, the First Amendment to the PPA contains a condition precedent to its
6 effectiveness set forth in Paragraph 3 (a):

7 Per RSA 374:57, PSNH must furnish a copy of this First Amendment to the New Hampshire
8 Public Utilities Commission upon its execution. This First Amendment is conditioned upon and
9 shall not become effective unless and until the New Hampshire Public Utilities Commission
10 approves this First Amendment without material modification or conditions with findings that
11 PSNH's decision to enter into this First Amendment was reasonable and in the public interest,
12 and that PSNH shall be allowed to recover all costs of the amended Agreement from customers
13 via a non-bypassable rate mechanism; which approval shall be final and not subject to appeal or
14 rehearing and shall be acceptable to PSNH in its sole discretion (the "Amendment Regulatory
15 Approval").

16 This condition precedent to the effectiveness of the First Amendment to the PPA
17 stipulates that the Amendment will not take effect unless: (a) the Commission approves
18 the First Amendment without material modification or conditions; (b) the Commission
19 finds that PSNH's decision to enter into this First Amendment was reasonable and in the
20 public interest; and, (c) that PSNH shall be allowed to recover all costs of the amended
21 Agreement from customers via a non-bypassable rate mechanism.

1 All three of these conditions precedent are consistent with SB 577 and the intent of the
2 Legislature in the following ways:

3 The First Amendment to the PPA puts into effect the very suspension of the operation of
4 the cumulative reduction factor expressed in SB 577. Hence, condition (a) is merely an
5 implementation of the law.

6 Condition (b) is met as the First Amendment to the PPA implements the statutory finding
7 in Laws 2018, 340:1

8 And, subparagraph (c) implements the understanding of the legislature of how the costs
9 of SB 577 will be recovered as set forth in the “Fiscal Note” included in SB 577. In
10 relevant part, that Fiscal Note reads:

11 The Public Utilities Commission (PUC) indicates sections 1 and 2 of the bill concerning
12 the Burgess BioPower plant (Burgess) instruct the PUC to consider whether to raise the
13 level of the cumulative reduction factor in the contract between Eversource and Burgess.
14 If the cumulative reduction factor were higher it would allow Burgess to continue to
15 charge Eversource for its output which would increase Eversource's costs related to the
16 contract. Because the costs of the Burgess contract are paid by Eversource customers, if
17 such an increase occurred it would increase costs to customers above the \$100 million
18 cap on the energy component of the current contract. To the extent that the state, county
19 and local governments are Eversource ratepayers, increasing the cumulative reduction
20 fund would increase their electricity bills as all over-market costs associated with the
21 contract are recovered through the stranded cost reduction charge. Because it is not

1 possible to know the outcome of a future PUC docket, such increases are speculative and
2 therefore the impact on costs is indeterminable. If the PUC were to raise the cumulative
3 reduction factor, it could potentially allow the Burgess plant to operate longer than under
4 the current contract. Increased operation would likely increase plant value and
5 potentially increase local tax revenues. Because such an increase in tax revenues is
6 speculative, the effect on local revenues is indeterminable.

7 In this Fiscal Note, the Legislature was informed by this Commission that “all over-
8 market costs associated with the contract are recovered through the stranded cost
9 reduction charge [SCRC].” Recovery of the costs of the First Amendment to the PPA via
10 the SCRC or another non-bypassable rate mechanism would comply with the condition
11 precedent set forth in subparagraph (c).

12 **Q. What does the Company request from the Commission?**

13 A. The Company requests that the Commission issue an Order that approves the First
14 Amendment to the PPA without material modification or conditions; issue findings that
15 PSNH’s decision to enter into this First Amendment was reasonable and in the public
16 interest; and, order that PSNH shall be allowed to recover all costs of the amended
17 Agreement from customers via a non-bypassable rate mechanism.

18 **Q. Does that complete your testimony?**

19 A. Yes, it does.