

**THE STATE OF NEW HAMPSHIRE**  
**BEFORE THE PUBLIC UTILITIES COMMISSION**  
**PREPARED TESTIMONY OF ERICA L. MENARD**  
**STRANDED COST RECOVERY CHARGE RATE**  
**PRELIMINARY RATES EFFECTIVE FEBRUARY 1, 2021**  
**Docket No. DE 20-095**

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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.     What is the purpose of your testimony?**

2     A.     The purpose of this testimony is to: (1) provide an overview of this filing; and (2) to seek  
3           the necessary approvals to set the updated average SCRC rates, including the (i) Regional  
4           Greenhouse Gas Initiative (“RGGI”) rebate, (ii) Ch. 340, (iii) Environmental  
5           Remediation and (iv) Net Metering adders, that will take effect February 1, 2021.

6     **Q.     Has the SCRC rate been calculated consistent with the August 1, 2020 SCRC rates**  
7           **that were approved by Order No. 26,387 in Docket No. DE 20-095?**

8     A.     Yes, the preliminary February 1, 2021 SCRC rates have been prepared consistent with  
9           the last approved SCRC rates.

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

12    A.     The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F  
13           and 369-B. The PSNH Restructuring Settlement, approved in Order No. 23,549, defined  
14           PSNH’s stranded costs and categorized them into three different parts (i.e., Part 1, 2 and  
15           3). Part 1 costs were composed of the RRB Charge, which was calculated to recover the  
16           principal, net interest, and fees related to the original Rate Reduction Bonds (“RRBs”).  
17           These original RRBs were fully recovered as of May 1, 2013. As part of Eversource’s  
18           divestiture of its generating facilities under the settlement in Docket No. DE 14-238, new  
19           RRBs were issued in May 2018 and are included as Part 1 costs in the SCRC rate. Part 2  
20           costs are “ongoing” stranded costs consisting primarily of the over-market value of

1 energy purchased from independent power producers (“IPPs”) and the amortization of  
2 payments previously made for IPP buy-downs and buy-outs as approved by the  
3 Commission. Also, as part of the divestiture of Eversource’s generating facilities, Part 2  
4 incorporates various new costs, including: the costs of retained power entitlements,  
5 unsecuritized prudently incurred decommissioning (if any), environmental, or other  
6 residual costs or liabilities related to the generating facilities. Part 3 costs, which were  
7 primarily the amortization of non-securitized stranded costs, were fully recovered as of  
8 June 2006.

9 Additionally, as noted above, the SCRC rate proposed to be billed to customers  
10 beginning February 1, 2021 includes recovery of the following adders: (i) the RGGI  
11 refund as required by RSA 125-O:23, II and Order No. 25,664 (May 9, 2014), directing  
12 Eversource to rebate RGGI auction revenue it receives through the SCRC rate; (ii) Ch.  
13 340 excess Burgess PPA payments per the Docket No. DE 19-142 Settlement Agreement  
14 and Order No. 26,331 (February 18, 2020); (iii) amortization of Environmental  
15 Remediation costs per the Docket No. DE 19-157 Settlement Agreement and Order No.  
16 26,433 (December 15, 2020), and; (iv) Net Metering Costs per the Docket No. DE 20-  
17 136 Settlement Agreement, which is pending before the Commission.

**Q. Is Eversource currently proposing a specific SCRC rate and separate adders as noted above at this time?**

A. Yes, it is. Attachment ELM-1 and Attachment ELM-2 provide rate class specific preliminary rate calculations for the SCRC proposed for February 1, 2021; however, prior to the anticipated hearing in January 2021, Eversource plans to update the SCRC rate calculations for changes attributable to various factors primarily related to the forecasted over/(under)-market cost associated with the ongoing non-wood IPPs; Burgess PPA and Lempster over/under-market costs; updated class specific RRB charges to be filed in January; and any additional 2020 actual data available at that time. The preliminary February 1, 2021 average SCRC rates (Part 1 and Part 2 only, excludes the Ch. 340, RGGI rebate, Environmental Remediation and Net Metering adder amounts) provided in this filing are shown in the table below.

Rate Class	Current Rate (cents/kWh)	Proposed Rate (cents/kWh)
Rate R	0.498	1.373
Rate G	0.407	1.817
Rate GV	0.334	1.108
Rate LG	0.091	0.394
Rate OL/EOL	0.470	1.790

The SCRC rates adders for Ch. 340, RGGI Rebate, Environmental Remediation and Net Metering are provided in Attachment ELM-3 and ELM-4 (RGGI Rebate), ELM-5 and ELM-6 (Ch. 340), ELM-7 (Environmental Remediation) and ELM-8 and ELM-9 (Net Metering). The preliminary February 1, 2021 SCRC rates adders provided in this filing are shown in the table below.

<b>Rate Adder</b>	<b>Current Rate (cents/kWh)</b>	<b>Proposed Rate (cents/kWh)</b>
Ch. 340	0.607	0.264
RGGI Rebate	(0.130)	(0.178)
Environmental Remediation	N/A	0.049
Net Metering	N/A	0.215
Total Adders	0.477	0.350

The total February 1, 2021 SCRC by rate class provided in this filing are included below.

<b>Rate Class</b>	<b>Current Rate (cents/kwh)</b>	<b>Preliminary Rate (cents/kwh)</b>
R	0.975	1.723
G	0.884	2.167
GV	0.811	1.458
LG	0.568	0.744
OL/EOL	0.947	2.140

The Environmental Remediation adder rate calculation is a new rate calculated consistent with the terms outlined in Section 7.1 of the Company's Settlement Agreement in Docket No. DE 19-057 and approved in Order No. 26,433 at 14 issued on December 15, 2020.

The Net Metering adder rate calculation is a new rate adder calculated consistent with the Settlement Agreement filed in Docket No. DE 20-136. The proposed rate treatment is consistent with the directives of the Commission's Order No. 26,387 at 6, issued on July 31, 2020 that disallowed recovery of Net Metering costs through the SCRC until the Commission could review and determine the appropriate recovery mechanism and rate treatment of those costs in a new docket opened subsequent to that Order.

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

3 A. As part of the Settlement Agreement approved in Docket No. DE 14-238 at Line 252 of  
4 Section III.A, the SCRC revenue requirement is to be allocated to each rate class as  
5 follows: 5.75% to Rate LG, 20.00% to Rate GV, 25.00% to Rate G, 48.75% to Rate R,  
6 and 0.50% to Rate OL. Applying this differing allocation by rate class means that there  
7 can no longer be a single average SCRC rate for all customers. Page 1 of Attachment  
8 ELM-1 provides the rate class specific average SCRC rates including and excluding the  
9 RGGI, Ch. 340, Environmental Remediation and Net Metering adders.

10 **Q. What are the major reasons for the increase in the SCRC rate from the rates**  
11 **currently in effect?**

12 A. The increase in the preliminary SCRC rates proposed for effect on February 1, 2021 as  
13 compared to the current rates is due primarily to: (i) an increase in Part 1 Costs of \$10.8  
14 million; (ii) an increase in Part 2 Above Market IPP and PPA costs of \$6.4 million; (iii) a  
15 one-time increase of \$12.0 million in Part 2 Generation Costs not Securitized to be  
16 recovered over one year per the terms of the Settlement Agreement filed in the  
17 Generation Divestiture docket, Docket No. DE 20-005, and; (iv) an increase due to the  
18 change in prior period (over)/under recovery amount of \$23.0 million. The table below  
19 provides additional detail identifying the variance from the underlying cost in the rates  
20 that were approved for August 1, 2020 and this proposed February 1, 2021 rate filing.

Description	(\$000s)		
	Approved August 1, 2020 Rates	Updated February 1, 2021 Rates	Inc/(Dec)
<b>Part 1 Costs</b>	<b>64,615</b>	<b>75,408</b>	<b>10,793</b>
<b>Part 2 Costs:</b>			
Amortization and Return on IPP Buydowns/Buyouts	530	-	(530)
Above Market Non-Wood IPPs	343	2,802	2,460
Above Market Cost of Burgess	16,848	21,568	4,720
Above Market Cost of Lempster	1,788	1,054	(734)
Total Above Market IPP & PPA Costs	18,979	25,424	6,445
Energy Service REC Revenues Transfer	(12,584)	(12,591)	(7)
REC Sales Proceeds/RPS True-up	(2,061)	-	2,061
ISO-NE/Other O&M	97	-	(97)
Residual Generation O&M	(1,954)	-	1,954
Seabrook Costs/Credits	(1,017)	-	1,017
EDIT	(5,767)	(5,779)	(12)
Generation Divestiture Costs not Securitized	-	12,007	12,007
Return	(1,122)	(16)	1,106
<b>Total Part 2 SCRC Costs</b>	<b>(4,900)</b>	<b>19,046</b>	<b>23,946</b>
1/31/21 (Over)/Under Recovery	(20,674)	2,356	23,029
<b>Total Part 1 and 2 Costs plus 1/31/20 (Over)/Under Recovery</b>	<b>39,041</b>	<b>96,809</b>	<b>57,768</b>

**Q. Please describe the detailed support for the calculation of the average SCRC rates provided in Attachments ELM-1 and ELM-2.**

**A.** Attachment ELM-1, page 1 provides the calculation of the average SCRC rates for the five rate classes incorporating the cost allocation for each rate class defined in the

1 settlement agreement approved in Docket No. DE 14-238. Page 2 provides a summary of  
2 the February 2021 to January 2022 forecast period's cost information related to the Part 1  
3 and Part 2 costs. Page 3 provides the estimated rate class specific RRB charges that were  
4 calculated using the current RRB rates established for the February 1, 2021 SCRC rate  
5 filing in Docket No. DE 20-095. Page 4 has been provided to reconcile the amount of  
6 funds that are collected through the RRB charge by its inclusion in the SCRC with the  
7 amount of funds that are in the Collection and Excess Funds trust accounts. It is  
8 important to note that customers are not directly paying the principal, interest and fees  
9 associated with the RRBs in the SCRC rate calculation. Instead, customers are paying an  
10 RRB charge as part of the overall SCRC rate that results in remittances to the RRB trust  
11 that are used to satisfy the principal, interest and fees of the RRBs. The RRB charge is  
12 calculated to satisfy the principal, interest and fees of the RRBs using the forecasted  
13 sales. Page 5 provides detailed cost information by month related to the Part 2 ongoing  
14 costs, and summary information for the Burgess and Lempster contracts as well as cost  
15 and actual revenues associated with the purchases of RECs from these contracts and the  
16 transfer of REC revenues between the ES rate and the SCRC rate to account for the Class  
17 1 RECs necessary to satisfy the Class 1 REC requirement for ES. Page 6 provides  
18 additional details related to the Burgess and Lempster contracts as well as the cost  
19 associated with the RECs purchased under these contracts and the transfer of revenues  
20 between the SCRC and the ES rates. Page 7 has been added to provide the details  
21 regarding the return calculation. Attachment ELM-2, pages 1 through 7 provide the



1 projected detailed cost, revenue and carrying charge components relating to the SCRC  
2 reconciliation for the 12 months ended January 31, 2021.

3 **Q. How are the February 1, 2021 SCRC Part 1 Costs calculated?**

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

12 **Q. Will the RRB rates shown in the July 9, 2020 RRB True-Up letter be revised for the**  
13 **February 1, 2021 SCRC rate filing?**

14 A. Yes. The Annual Routine True-up Letter is anticipated to be filed in mid-January 2021.  
15 Once that letter is filed, the Part 1 costs will be updated to reflect the updated RRB rates  
16 and applied to the kWh sales forecast used throughout the SCRC rate by class to calculate  
17 the revenue required to apply to the to the Part 1 costs. Variances between estimated and  
18 actual revenue received from Part 1 costs will be reconciled in the August 1, 2021 SCRC  
19 filing.

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.

15 3. (Line 8) Lempster PPA: Effective April 1, 2018, the costs and market revenues  
16 associated with the Lempster PPA are included in the SCRC and shows the net  
17 cost of the Lempster PPA. Additionally, provided in Attachment ELM-1 (page 6)  
18 is support for the underlying forecast assumptions related to the costs and  
19 revenues associated with the Lempster PPA by month.

20 4. (Line 9) Energy Service REC Revenues Transfer: This line has been included to  
21 capture the transfer of the RECs necessary to satisfy the Class I REC obligation  
22 for ES customers. This is consistent with the treatment of Class I RECs described

1 in Section II.H of the November 27, 2017 settlement in Docket No. DE 17-113  
2 where it states: “As to Eversource's RPS obligation relevant to Class I, the  
3 Settling Parties agree that it shall be managed in a manner consistent with that  
4 described on page 14 of the initial Testimony of Shuckerow, White & Goulding”.

5 That testimony provides, with reference to the Burgess and Lempster contracts:

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

- 15 5. (Line 10): REC Sales Proceeds: As Class I RECs in excess of those necessary to  
16 satisfy the Energy Service Class I REC requirement are sold, the proceeds  
17 associated with the sales will be included in actual data.
- 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) Excess Deferred Income Taxes (EDIT): At the beginning of 2018, the  
5           Federal and State tax rates changed which resulted in EDIT. That excess is to be  
6           refunded to customers.

7           10. (Line 15) Generation Divestiture Costs not Securitized: divestiture costs not  
8           securitized that were subject to audit and settlement in Docket No. DE 20-005.  
9           Per the settlement agreement, a one-time amount of \$12 million is to be recovered  
10          over a one-year period.

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

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

15          1. (Lines 3 through 6): Non-Wood IPPs: All costs and market revenues associated  
16          with the existing IPPs. Prior to divestiture, any benefit of below market energy or  
17          capacity associated with the IPPs was included in the ES rate, while the above  
18          market portion was included in the SCRC. Consistent with the settlement in  
19          Docket No. DE 14-238, all IPP costs and revenues, whether above or below  
20          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.
- 6           3. (Line 8) Lempster PPA: Effective April 1, 2018, the costs and market revenues  
7           associated with the Lempster PPA are included in the SCRC. Line 12 shows the  
8           net cost of the Lempster PPA. Additionally, provided in Attachment ELM-2  
9           (page 6) is support for the underlying forecast assumptions related to the costs and  
10          revenues associated with the Lempster PPA by month.
- 11          4. (Line 9) Energy Service REC Revenues Transfer: This line has been included to  
12          capture the transfer of the RECs necessary to satisfy the Class I REC obligation  
13          for ES customers. This is consistent with the treatment of Class I RECs described  
14          in Section II.H of the settlement in Docket No. DE 17-113 where it says: “As to  
15          Eversource's RPS obligation relevant to Class I, the Settling Parties agree that it  
16          shall be managed in a manner consistent with that described on page 14 of the  
17          initial Testimony of Shuckerow, White & Goulding”. That testimony provides,  
18          with reference to the Burgess and Lempster contracts:

19               The REC amounts purchased from these sources may more than  
20               meet energy service obligation quantities, eliminating the need for  
21               Class I purchases. Since the 2015 Agreement calls for the costs of  
22               those PPAs to be recovered via the SCRC, a transfer price for  
23               RECs obtained under those PPAs used to satisfy RPS needs for ES  
24               customers must be set. In order to properly account for these Class  
25               1 REC purchases for both ES and SCRC purposes, Eversource

1 proposes to establish a transfer price equal to the Class I REC  
2 prices established via the mechanism described previously.

3 5. (Line 10): REC Sales Proceeds: This line includes the following items:

4 a. Proceeds from the sales of 2020 RECs (Burgess and Lempster). The costs  
5 for these 2020 REC sales are included in Lines 2 and 3 (with additional  
6 detail provided on page 6, Lines 15 through 17 and Lines 25 through 27)  
7 as the RECs are delivered.

8 6. (Line 11) ISO-NE/Other Costs: The costs included in this line are miscellaneous  
9 ISO resettlement and other costs along with credits that were historically included  
10 in the ES rate.

11 7. (Line 12) Residual Generation O&M: The ongoing costs and liabilities associated  
12 with the divested Generation assets. These include property tax refunds, pension  
13 credits, commitments associated with the hydro plants, and legal fees associated  
14 with lawsuits related to the Generation assets when they were owned by  
15 Eversource.

16 8. (Line 13) Seabrook Costs and Credits: Charges and credits related to Seabrook  
17 Power contracts between Eversource and North Atlantic Energy Company  
18 (NAEC).

19 9. (Line 14) Excess Deferred Income Taxes (EDIT): At the beginning of 2018, the  
20 Federal and State tax rates changed which resulted in EDIT. That excess is to be  
21 refunded to customers.

1           10. (Line 15) Generation Divestiture Costs not Securitized: divestiture costs not  
2           securitized that were subject to audit and settlement in Docket No. DE 20-005.

3           Per the settlement agreement, a one-time amount of \$12 million is to be recovered  
4           over a one-year period.

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

7   A.    In Order No. 25,664 in Docket No. DE 14-048, and pursuant to RSA 125-O:23, II, the  
8       Commission ordered that certain proceeds from the quarterly RGGI auctions be rebated  
9       to Eversource's customers through the SCRC. Attachment ELM-3, page 1, and  
10       Attachment ELM-4, page 1 provide a summary of 2021 and 2020 information related to  
11       RGGI auctions and the amounts allocated to Eversource for refund.

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

13 A.    Yes, it is. Attachment ELM-3, page 1 provides a proposed rate calculation; however,  
14       prior to the anticipated hearing in January 2021, Eversource plans to update the RGGI  
15       rate calculation for additional 2020 data. The preliminary February 1, 2021 RGGI rate  
16       provided in this filing is negative 0.178 cents/kWh and is 0.048 cents/kWh higher than  
17       the current February 1, 2020 RGGI rate of negative 0.130 cents/kWh.

1   **Q.     Could you please provide additional details for the Ch. 340 Adder costs included on**  
2   **page 2 of Attachment ELM-6?**

3   A.     As described earlier, in Docket No. DE 19-142, a Joint Motion was filed related to the  
4     rate recovery of costs associated with the Cumulative Reduction Factor (CRF) under the  
5     PPA with Burgess BioPower. Broadly speaking, under the terms of the PPA, any  
6     amounts in the CRF above \$100 million were to be deducted from the amounts paid to  
7     Burgess for purchases under the PPA. At the end of operating year 6, the CRF amount  
8     was \$106,976,603 or \$6,976,603 above the limit set by the PPA. That amount was  
9     reduced by the Excess MWh adjustment called for in the PPA of \$1,709,925 which was  
10    deducted from the amounts paid to Burgess during the first three months of operating  
11    year 7 (December 2019 through February 2020). The Excess MWh adjustment is not  
12    specifically associated with the Amended PPA and the Ch. 340 Adder and, therefore,  
13    remains in Part 2 SCRC costs. Therefore, the \$6,976,603 was reduced to \$5,266,678  
14    (\$6,976,603 - \$1,709,925) that would have been deducted from the amounts paid to  
15    Burgess during operating year 7 (December 2019 through November 2020). Of that  
16    amount \$4,388,898 is shown in Attachment ELM-6, line 2, for February and March 2020.

17       It was also agreed in Docket No. DE 19-142 that the forecasted over cap costs for  
18       Burgess should be recovered in current rates rather than waiting until the end of the  
19       operating year and recovering in the following year. The calculation of Burgess over  
20       market costs per the PPA is shown in Attachments ELM-1 and ELM-2, Page 6, lines 1 to  
21       6. The Burgess over market energy costs are then recovered in the Ch. 340 Adder rate as



1 shown in Attachments ELM-5 and ELM-6. Since these are forecasted costs and revenues  
2 and rely on assumptions of Burgess energy output and market prices as well as forecasted  
3 retail MWh sales, the Ch. 340 adder costs are reconciled in this and future SCRC rate  
4 filings.

5 Under the terms of the settlement agreement in Docket No. DE 19-142, rather than being  
6 deducted from the amounts paid to Burgess, the excess is recovered from customers  
7 through the SCRC on an equal cents per kWh basis rather than the specified class  
8 percentages. This is shown in the Ch. 340 Adder calculations in Attachment ELM-5. The  
9 updated and proposed Ch. 340 Adder rate effective February 1, 2021 is 0.264 cents/kWh  
10 as compared to the current Ch. 340 Adder rate of 0.607 cents/kWh. Attachment ELM-5,  
11 page 1, provides a summary of the rate calculations and Attachments ELM-5 and ELM-6,  
12 page 2, provide the monthly detail for the Burgess energy costs and revenues. But for the  
13 impact of SB 577, this \$5,266,678 Operating Year 6 would have been refunded to  
14 customers. In order to implement the equal cents-per-kilowatthour recovery  
15 methodology set forth in the Docket No. DE 19-142 Settlement Agreement for this  
16 amount, the \$5,266,678 was credited to customers in the SCRC calculations using the  
17 2015 Settlement's SCRC rate design, then the equal cents-per-kilowatthour Ch. 340  
18 Adder will be added back in for each rate category. The concurrent recovery of the over  
19 market Burgess energy costs is removed from Part 2 SCRC cost and transferred for  
20 recovery through the Ch. 340 Adder. The over market energy costs are calculated based  
21 on the contract market rates. There is a slight difference between the over market energy

costs per the PPA and ISO-NE revenues. The difference remains in the Part 2 SCRC costs. This is shown in Attachments ELM-1 and ELM-2, Page 6.

**Q. Please describe the detailed support for the calculation of the Environmental Remediation Cost Adder rate provided in Attachment ELM-7.**

A. Per the Commission's Order No. 26,433 issued on December 15, 2020 approving the Settlement Agreement in Docket No. DE 19-057, the Company in compliance with the intent of Section 7.1 of the Settlement Agreement, has prepared Attachment ELM-7 to propose recovery of the Environmental Remediation Costs through the SCRC. Section 7.1 of the Settlement Agreement states the following:

Since the time of restructuring, PSNH has been permitted to defer estimated environmental remediation/manufactured gas plant ("MGP") costs primarily relating to former generation sites.<sup>8</sup> The Company shall be allowed to recover the environmental reserve/MGP liability in the Stranded Cost Recovery Charge ("SCRC") rate at equal cents per kWh across customer classes rather than in distribution rates. To address the shift to the SCRC, the Company has removed an annual amortization of \$2.3 million over four years as of December 31, 2018 from its proposed revenue requirement in this case and shall include it in the SCRC filing following approval of this Settlement Agreement. The amounts to be recovered in the SCRC shall be updated to reflect the actual deferred balance as of the time of the SCRC filing and be amortized over a four-year period. Future environmental costs shall be recovered on a current basis through the SCRC.

As noted above the Company has removed from the base Distribution revenue requirement an annual amortization amount of approximately \$2.3 million based on the Docket No. DE 19-057 test year-end Regulatory Asset balance. Consistent with the Commission's approval of the Settlement Agreement in Order No, 26,433, Attachment ELM-7, Page 2, Footnote (A) reflects the Environmental Remediation Regulatory Asset

1 balance at October 31, 2020 of approximately \$12.1 million to be recovered over four  
2 years, or an annual amortization amount of approximately \$3.0 million. Attachment  
3 ELM-7 reflects the proposed preliminary average Environmental Remediation Cost  
4 Adder rate of 0.049 cents-per-kilowatthour effective February 1, 2021. The  
5 Environmental Remediation Cost Adder rate will be updated based on the SCRC January  
6 2021 update filing.

7 **Q. Please describe the detailed support for the calculation of the Net Metering Cost**  
8 **Adder rate provided in Attachments ELM-8 and ELM-9.**

9 A. In Order No. 26,387 (July 31, 2020) at 6 in Docket No. DE 20-095, the Commission  
10 found the transfer of Net Metering Costs to the SCRC from Energy Service had not been  
11 sufficiently developed either factually or legally to allow Eversource to recover net  
12 metering costs through the SCRC mechanism. In addition, the Commission directed a  
13 new docket be opened to review and determine the appropriate recovery mechanism and  
14 rate treatment for Eversource's net metering costs and group host costs.  
15 Consistent with the Commission's directive, Docket No. DE 20-136 was opened to  
16 review and determine the appropriate recovery mechanism and rate treatment for net  
17 metering and group host costs. Based on a number of technical sessions and Company  
18 presentations, the parties have filed a Settlement Agreement that proposes the recovery of  
19 net metering and group host costs through the SCRC mechanism. Attachments ELM-8  
20 and ELM-9 reflect the proposed preliminary average Net Metering Cost Adder rate of  
21 0.215 cents-per-kilowatthour effective February 1, 2021, consistent with the pending

1 Settlement Agreement. The Net Metering Cost Adder rate will be updated based on the  
2 SCRC January 2021 update filing.

3 **Q. Did the Company include Accumulated Deferred Income Taxes (ADIT) in its**  
4 **calculation of carrying charges as part of this filing?**

5 A. Yes and no. Order No. 26,368 issued on June 18, 2020 at 7 as part of the Energy Service  
6 filing, discussed the inclusion of ADIT in the calculation of the carrying charge. In that  
7 Order the Commission directed “Staff to conduct an inquiry into the accounting issues  
8 raised and to recommend whether an adjustment is required in Eversource’s next energy  
9 service filing”. Order No. 26,368 at 7.

10 On November 30, 2020 the Company and Staff discussed and reviewed the accounting  
11 issues related to ADIT and whether it was appropriate to include ADIT in the calculation  
12 of carrying charges as part of the Energy Service filing. The Company and Staff agreed  
13 that the adjustment to exclude ADIT should be removed from the calculation of carrying  
14 charges on the over or under recovery associated with the Energy Service rate  
15 components. As part of that discussion, there was also an agreement that this  
16 recommendation would carry forward into the calculation of carrying charges for the  
17 SCRC and TCAM rates. Accordingly, while the ADIT adjustment remains in this filing  
18 for the period ending January 31, 2021, it has been removed beginning February 1, 2021,  
19 consistent with the rate period that is subject of this docket.

1   **Q.    What is the purpose of including ADIT in the calculation of carrying charges**  
2       **related to the Small and Large Energy Service and RPS reconciliations?**

3    A.    In prior years' filings regarding ES and stranded costs, the filings included costs  
4       associated with the Company's ownership of generation assets and the rate base  
5       associated with those assets. As part of the rate calculations for the ES and SCRC rates,  
6       ADIT was included in the calculations of carrying charges in those rates to account for  
7       the timing differences between the collection of funds for payment of taxes and the actual  
8       payment of those taxes. However, given that the Company has divested its generation  
9       assets and eliminated any related rate base treatment of those assets, the need to include  
10       ADIT in the calculation of carrying charges is not as necessary since the timing  
11       difference related to the over or under recovery is only short-term.

12   **Q.    Has the Company included rate exhibits and calculations of the customer bill**  
13       **impacts for the proposed February 1, 2021 SCRC rate change?**

14    A.    Yes, this detail is provided in Attachment ELM-10.

- 15       •    Page 1 compares the current SCRC rates in effect to the preliminary SCRC rates  
16           proposed for effect February 1, 2021 by rate class.
- 17       •    Page 2 provides the rate adjustment factor and SCRC rates by rate class for the  
18           current and preliminary SCRC rates, including and excluding the RGGI refund.
- 19       •    Page 3 provides the calculation of the SCRC rate adjustment factors by rate  
20           classification for the preliminary proposed average SCRC rates and RGGI adders.

- 1           • Page 4 provides a comparison of residential rates proposed for effect February 1,  
2           2021 to current rates effective August 1, 2020 for a 550 kWh monthly bill, a 600  
3           kWh monthly bill, and a 650 kWh monthly bill.
- 4           • Page 5 provides a comparison of residential rates proposed for effect February 1,  
5           2021 to rates effective February 1, 2020 for a 550 kWh monthly bill, a 600 kWh  
6           monthly bill, and a 650 kWh monthly bill.
- 7           • Page 6 provides the average impact of each change on bills for all rate classes by  
8           rate component on a total bill basis, excluding delivery service.
- 9           • Page 7 provides the average impact of each change on bills for all rate classes by  
10          rate component on a total bill basis, including energy service.

11          The rate impacts provided in Attachment ELM-10 incorporate changes in the Distribution  
12          rates reflecting the permanent rates approved in Order No. 26,433 in Docket No. DE 19-  
13          057 (but not including the step adjustment related to Distribution Rates), the Energy  
14          Service rate reflecting rate changes proposed in Docket No. DE 20-054 for effect on  
15          February 1, 2021, and the SCRC rate changes proposed in this filing.

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

17      A. No. Updated tariff pages will be provided with the Company's updated filing in January  
18      2021.

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

3    A.     Yes, Eversource would need final approval of the SCRC, Ch. 340, RGGI, Environmental  
4           Remediation and Net Metering Cost rates by January 25, 2021, to implement the new  
5           rates for service rendered on and after February 1, 2021.

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

7    A.     Yes, it does.