

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF ERICA L. MENARD
FEBRUARY 1, 2022 THROUGH JULY 31, 2022
DEFAULT ENERGY SERVICE RATE CHANGE

Docket No. DE 21-077

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. What are your current responsibilities?**

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

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

14 A. Yes.

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, EOL-2 and OL), and a monthly ES rate for the Large Customer class (Rates
6 GV, LG, B, and any outdoor area lighting taken in conjunction with these rates billed
7 under Rate OL) applicable for the six-month period beginning February 1, 2022 for
8 Eversource's customers 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 in Docket No. DE 17-113
11 and Order No. 26,092 (December 29, 2017) approving the Settlement Agreement,
12 Eversource is requesting that the Commission review and approve a fixed six-month ES
13 rate for the Small Customer class for the period of February 1, 2022 through July 31,
14 2022 based on the weighted average of the six monthly-contracted prices contained in the
15 supply agreement(s) with the winning ES supplier(s) for the Small Customer class. The
16 fixed ES rate for the period of February 1, 2022 through July 31, 2022, for the Small
17 Customer class is \$0.10669 per kWh as calculated on page 1 of Attachment ELM-1.

18 The Company is also requesting that the Commission review and approve a monthly-
19 variable ES rate for the Large Customer class for the period of February 1, 2022 through
20 July 31, 2022 based on the six monthly-contracted prices contained in the supply

1 agreement with the winning ES supplier for the Large Customer class. The monthly ES
2 rates for the period of February 1, 2022 through July 31, 2022, for the Large Customer
3 class, as calculated on page 2 of Attachment ELM-1, are as follows:

Large Customer Energy Service Rates	
Month	Rate (\$/kWh)
February 2022	\$0.21425
March 2022	\$0.12600
April 2022	\$0.08970
May 2022	\$0.07605
June 2022	\$0.07898
July 2022	\$0.09275

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

6 A. Attachment ELM-1 (page 1) provides the calculation of the total monthly ES rates for the
7 Small Customer class including (i) the cost of RPS compliance, (ii) prior period
8 reconciliations for ES and RPS, (iii) the cost of administrative and general expense
9 associated with the ES offering and, (iv) a Working Capital adjustment. The weighted
10 average fixed rate for the six-month period is calculated on Line 13.

11 Attachment ELM-1 (page 2) provides the calculation of the total monthly ES rates for the
12 Large Customer class including (i) the cost of RPS compliance, (ii) prior period
13 reconciliations for ES and RPS, (iii) the cost of administrative and general expense
14 associated with the energy service offering and, (iv) a Working Capital adjustment. The
15 monthly rates for the six-month period are calculated on Line 11.

1 Attachment ELM-1 (page 3) provides the forecasted administrative and general expenses
2 associated with the energy service offering. The A&G adjustment factor is calculated on
3 Line 8.

4 Consistent with Section 2.H of the Settlement Agreement approved in Docket No. DE
5 17-113, ES costs and revenues are reconciled on an annual basis and included with the
6 August 1 rate proposal, therefore the reconciliations provided in Attachments ELM-2 and
7 ELM-3 in the February rate filing are provided for informational purposes. Reconciling
8 factors will be updated in the calculation of the ES rates effective August 1

9 Attachment ELM-2 provides a reconciliation of costs and revenues for the 12-month
10 period ended July 31, 2021. Actuals through May 2021 were provided in the Company's
11 June 10, 2021 filing for rates effective August 1, 2021. The forecasted costs and revenues
12 in the August rate filing have been updated in this filing. Pages 1 and 2 contain the Small
13 Customer and Large Customer ES reconciliation, respectively. Page 3 provides
14 administrative and general expense allocations to the Small Customer and Large
15 Customer rate classes. Page 4 provides a reconciliation of the RPS expense and revenues
16 included in the ES rate.

17 Attachment ELM-3 provides a reconciliation of costs and revenues for the 12-month
18 period ended July 31, 2022 for actuals through October 2021. Pages 1 and 2 contain the
19 Small Customer and Large Customer ES reconciliation, respectively. Page 3 provides

1 administrative and general expense allocations to the Small Customer and Large
2 Customer rate classes. Page 4 provides a reconciliation of the RPS expense and revenues
3 included in the ES rate.

4 **Q. Please provide an overview of the outstanding issues identified in the Commission’s**
5 **Order No. 26,491 issued on June 24, 2021 in the August 1 rate and reconciliation**
6 **filing.**

7 A. During the August 1, 2021 rate and reconciliation filing proceeding, the Department of
8 Energy Staff (“Staff”) stated that additional review of the Company’s Renewable
9 Portfolio Standard (“RPS”) compliance costs, specifically Class III Renewable Energy
10 Certificates (“RECs”), included in the reconciliation was warranted.

11 The Commission’s Order directed the Company to “provide additional information
12 regarding its REC purchases, by providing an exhibit that shows the vintage (year),
13 quantity, and price paid for RECs, and the applicable alternative compliance payment
14 (ACP) rate for each REC transaction, included in the Company’s RPS cost
15 reconciliation.” Order No. 26,491 at 6.

16 Further, the Commission directed the Company to “work with Staff to conduct such
17 review and to provide all necessary related information, including, but not limited to, its
18 REC purchases, banking, use, retirement, write-offs, and the applicable ACP rates for all
19 RECs in the Company’s RPS reconciliation. If, after the review, any agreed upon

1 adjustments to the RPS costs are necessary, the Company agreed to make an adjustment
2 to the reconciliation amount in its December energy service filing. We adopt Staff's
3 recommendation to have any recommended reconciliation adjustments with which the
4 Company does not agree presented to the Commission for review and adjudication in the
5 December energy service filing and direct the Company and Staff to do so." *Id.*

6 **Q. Has the Company complied with the Order?**

7 A. Yes. The Company responded to data requests issued by Staff on July 29, 2021 providing
8 the additional detail on REC purchases for the 2020 RPS compliance year. A subsequent
9 technical session was held on August 5, 2021 and additional data responses were
10 provided on August 19, 2021. Following the review, Staff issued a recommended
11 reconciliation adjustment in a letter filed on September 20, 2021 and recommended
12 disallowance of Class III REC purchase costs for 2020 RPS compliance of \$1,592,755.

13 **Q. Does the Company agree with the Staff's recommended disallowance?**

14 A. No. In response to the Staff's recommendation, the Company filed a motion and
15 supporting testimony on October 7, 2021 and a subsequent correction to the testimony on
16 October 8, 2021. In that motion, the Company disagrees with the disallowance identified
17 by Staff noting that then-pending legislation had created confusion in the market for
18 RECs, that purchasing the RECs it did was prudent under the circumstances at the time
19 the purchase was made, and that the Staff's analysis ignored relevant facts and law. In

1 light of those observations, the Company requested a separate proceeding to review the
2 issue of recovery of the \$1.6 million in REC purchases and RPS compliance from the
3 scope of the December rate hearing. On October 14, 2021, the Staff responded to
4 Eversource's submission and while it disagreed with Eversource's analysis, it did agree
5 that a separate proceeding to review the issue would be reasonable. On November 12,
6 2021, the Commission issued Order No. 25,550 granting the motion and scheduled a
7 separate hearing to address the Class III REC purchase issue. That hearing is presently
8 scheduled for January 13, 2022.

9 **Q. Did the Company update the reconciliation factors provided in this rate request for**
10 **rates effective February 1, 2022?**

11 A. No. This rate filing includes the reconciliation factors as presented in the August 1, 2021
12 rate filing.

13 **Q. Did the Company include a working capital component for energy supply and**
14 **renewable energy credits in the calculation of the Energy Service rates in this filing?**

15 A. Yes. In Order No. 26,237 issued on April 25, 2019 in Docket No. DE 18-073, the
16 Commission authorized Eversource to use the results of a lead/lag study in the calculation
17 of working capital requirements for ES rates. The Company's most recent lead-lag study
18 was filed in the June 10, 2021 filing for ES rates effective August 1, 2021. That same

1 study is included as Attachment ELM-4 in this filing and utilizes the results of the study
2 to calculate cash working capital requirements for ES rates effective February 1, 2022.

3 **Q. Has the Company calculated the customer bill impacts for the proposed February 1,**
4 **2022 ES rate change?**

5 A. Yes. The rate impacts are provided in Attachment ELM-5.

6 • Page 1 provides a comparison of residential rates proposed for effect February 1,
7 2022 to current rates effective August 1, 2021 for a 550 kWh monthly bill, a 600
8 kWh monthly bill, and a 650 kWh monthly bill.

9 • Page 2 provides a comparison of residential rates proposed for effect February 1,
10 2022 to rates effective February 1, 2021 for a 550 kWh monthly bill, a 600 kWh
11 monthly bill, and a 650 kWh monthly bill.

12 • Page 3 provides the average impact of each change on bills for all rate classes by
13 rate component and on a total bill basis, including energy service.

14 The rate impacts provided in Attachment ELM-5 incorporate changes in the Distribution
15 rate reflecting the rates approved in Docket No. DE 19-057 and the ES rate change
16 proposed in this filing.

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

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

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

2 A. Yes, in order to lock in the RFP results and execute contracts with the winning bidders,
3 Eversource is seeking final approval of the proposed ES rates, excluding any adjustments
4 to the Renewable Portfolio Standard Adjustment Factor, by December 17, 2021 subject to
5 a final decision on the issue related to the Class III REC purchases which will be
6 addressed in the January hearing. The Company proposes that any potential change to the
7 RPS expense reconciliation and working capital resulting from the January hearing on the
8 Class III REC purchases issue be included with the annual reconciliation filed in June for
9 rates effective August 1.

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

11 A. Yes, it does.