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24**STATE OF NEW HAMPSHIRE****PUBLIC UTILITIES COMMISSION**

**June 22, 2021** - 10:04 a.m.  
21 South Fruit Street  
Suite 10  
Concord, NH

*[Hearing also conducted via Webex]*

RE: **DE 21-077**  
**EVERSOURCE ENERGY:**  
**2021 Energy Service Solicitation.**  
*(Hearing regarding the period*  
*from August 1, 2021 through*  
*January 31, 2022)*

**PRESENT:** Chairwoman Dianne H. Martin, Presiding  
Commissioner Kathryn M. Bailey  
Commissioner Daniel C. Goldner

Doreen Borden, Clerk  
Corrine Lemay, PUC Hybrid Hearing Host

**APPEARANCES:** **Reptg. Public Service Company of New**  
**Hampshire d/b/a Eversource Energy:**  
Jessica A. Chiavara, Esq.

**Reptg. PUC Staff:**  
Lynn H. Fabrizio, Esq.  
Stephen R. Eckberg, Electric Division  
Richard Chagnon, Asst. Dir./Electric

Court Reporter: Steven E. Patnaude, LCR No. 52

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**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Petition for Adjustment to Energy Service Rate for Effect on August 1, 2021 <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
2	Petition for Adjustment to Energy Service Rate for Effect on August 1, 2021 <b>{CONFIDENTIAL VERSION}</b>	<i>premarked</i>

**P R O C E E D I N G**

1  
2 CHAIRWOMAN MARTIN: We're here this  
3 morning in Docket DE 21-077, which is the  
4 Eversource Energy Service Solicitation proceeding  
5 for the period beginning August 1, 2021.

6 We no longer have to take a roll call  
7 attendance. But I will ask the Commissioners to  
8 introduce themselves, starting with Commissioner  
9 Bailey.

10 COMMISSIONER BAILEY: Good morning,  
11 everyone. Kathryn Bailey.

12 CHAIRWOMAN MARTIN: Commissioner  
13 Goldner.

14 COMMISSIONER GOLDNER: Good morning.  
15 Dan Goldner.

16 CHAIRWOMAN MARTIN: And I am Dianne  
17 Martin, the Chairwoman of the Public Utilities  
18 Commission.

19 All right. Let's take appearances,  
20 starting with Ms. Chiavara.

21 MS. CHIAVARA: Good morning, Chairwoman  
22 Martin and Commissioners.

23 Jessica Chiavara, here for Public  
24 Service Company of New Hampshire, doing business

1 as Eversource Energy. With me today are  
2 Frederick White and Erica Menard.

3 CHAIRWOMAN MARTIN: Okay. Thank you.  
4 And Ms. Fabrizio.

5 MS. FABRIZIO: Good morning, Chairwoman  
6 Martin and Commissioners.

7 I am Lynn Fabrizio, Staff Attorney for  
8 the Commission Staff in this docket. And with me  
9 today, in today's hearing, are Steve Eckberg,  
10 Utility Analyst with the Electric Division as a  
11 participant, and Rich Chagnon, Deputy Director of  
12 the Electric Division as an attendee.

13 CHAIRWOMAN MARTIN: Okay. Thank you.  
14 And I have Exhibits 1 and 2 prefiled  
15 and premarked for identification.

16 Any other preliminary matters?

17 *(Atty. Chiavara indicating in the*  
18 *negative.)*

19 CHAIRWOMAN MARTIN: All right. Seeing  
20 none. Then, let's get the witnesses sworn in  
21 please, Mr. Patnaude.

22 Just a moment. Let's go off the  
23 record.

24 *(Off the record discussion ensued.)*

[WITNESS PANEL: White|Menard]

1 CHAIRWOMAN MARTIN: Let's take a recess  
2 until 10:15. We're having a bandwidth issue on  
3 this end.

4 *(Recess taken at 10:09 a.m. and the*  
5 *hearing resumed at 10:16 a.m.)*

6 CHAIRWOMAN MARTIN: Let's go back on  
7 the record.

8 Mr. Patnaude, if you could swear in all  
9 three witnesses, that would be great.

10 *(Whereupon **Frederick B. White,***  
11 ***Erica L. Menard,** and **Stephen R. Eckberg***  
12 *were duly sworn by the Court Reporter.)*

13 CHAIRWOMAN MARTIN: Okay. Ms.  
14 Chiavara.

15 MS. CHIAVARA: Okay. Thank you, Chair  
16 Martin.

17 **FREDERICK B. WHITE, SWORN**

18 **ERICA L. MENARD, SWORN**

19 **DIRECT EXAMINATION**

20 BY MS. CHIAVARA:

21 Q Beginning with Frederick White. Mr. White, can  
22 you please state your name and your title of your  
23 role at Eversource?

24 A (White) My name is Frederick White. I'm a

[WITNESS PANEL: White|Menard]

1 Supervisor in the Electric Supply Department for  
2 the Eversource Energy Service Company. I  
3 supervise and provide analytical support required  
4 to fulfill the power supply requirement  
5 obligations of PSNH, including conducting  
6 solicitations for the competitive procurement of  
7 power for Energy Service customers. We also  
8 manage Renewable Portfolio Standard obligations  
9 and are responsible for some of ongoing  
10 activities associated with the independent power  
11 producers and power purchase agreements.

12 Q And have you testified previously before this  
13 Commission?

14 A (White) Yes.

15 Q Thank you. Did you file testimony and the  
16 corresponding attachments as part of the filing  
17 on June 17th, 2021, that's marked as "Exhibits 1"  
18 and "2"?

19 A (White) Yes.

20 Q And were the testimony and supporting materials  
21 prepared by you or at your direction?

22 A (White) Yes, they were.

23 Q Do you have any changes or updates to make at  
24 this time?

[WITNESS PANEL: White|Menard]

1 A (White) I do not.

2 Q And do adopt your testimony today as it was  
3 written and filed?

4 A (White) Yes.

5 Q Thank you. Now, if you could please provide a  
6 brief summary of why you consider this RFP  
7 process and the results for the proposed new  
8 Energy Service rates to have been a successful  
9 process?

10 A (White) Okay. We issued an RFP on May 13th,  
11 requesting supply for large and small customers  
12 for the six-month terms August 2021 through  
13 January '22. The request was for a full  
14 requirements power supply, without RPS compliance  
15 included, which is managed by the Company. Full  
16 requirements power supply implies delivery to the  
17 PTF within the New Hampshire load zone, for the  
18 portion of electric capacity, energy, ancillary  
19 services, and all other ISO New England products  
20 and expenses assessed to load-serving entities.  
21 So, winning suppliers would be assigned a portion  
22 of the load assets, which represent Default  
23 Energy Service customers.

24 We solicited for to serve the Large



[WITNESS PANEL: White|Menard]

1 Customer Group in one tranche. The size of that  
2 tranche is you can think of, on average, it's  
3 approximately 20 megawatt-hours per hour. The  
4 Small Group we procured in four equal 25 percent  
5 tranches. Due primarily to its larger size, it  
6 can be viewed as approximately a 400  
7 megawatt-hour per hour load. So, it's quite a  
8 bit larger than the Large Customer Group, and we  
9 broke it into four equal pieces.

10 The offers were due on June 15th, a  
11 week ago today. All the bidders who submitted  
12 offers were prequalified with regard to their  
13 standing at ISO New England, the Company's prior  
14 experience with them, and all posted necessary  
15 credit arrangements to qualify as our being able  
16 to accept their offers. The offers were  
17 received, and we viewed them in line with our  
18 price expectations, which we had prepared prior  
19 to receipt of the offers. Participation was at a  
20 good level, making it a competitive auction.

21 Given that all suppliers were  
22 qualified -- prequalified for bidding, the  
23 proposed awards to the winning suppliers were  
24 based on lowest prices. And, subsequent to the

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[WITNESS PANEL: White|Menard]

1 receipt and evaluation of the offers, we met with  
2 senior management, and they approved the  
3 recommendations to make awards to given  
4 suppliers.

5 We called the suppliers, the winners,  
6 and told them where we stood, and executed  
7 Transaction Confirmations with them, which were  
8 completed the following day, on June 16th.

9 The solicitation was conducted  
10 consistent with past practices and with  
11 Commission requirements. It's discussed in  
12 further detail, obviously, in testimony, and as  
13 illustrated in attachments, which was filed last  
14 Thursday.

15 So, proposed here for Commission  
16 approval is that Exelon, NextEra, and Vitol will  
17 provide supply for the August through January  
18 delivery term.

19 Q Thank you very much for that overview. Was this  
20 RFP process and bid selection consistent with  
21 prior solicitations by the Company for Energy  
22 Service, and also with various Commission orders  
23 governing the Energy Service procurement process?

24 A (White) Yes, it was. All processes were

[WITNESS PANEL: White|Menard]

1 consistent with past Company practice and with  
2 Commission directives and guidance. The Company  
3 understands that Staff may wish to discuss RPS  
4 compliance obligations in more detail, either  
5 today or subsequent to today's hearing.

6 Regarding those discussions, the Company believes  
7 the impact to this rate filing and the RPS Adder  
8 specifically as filed would be minor for the  
9 August to January rate term at issue today.

10 Q Thank you, Mr. White. And is it your position  
11 that the rates proposed for the period of August  
12 2021 to January of 2022, as described in both  
13 exhibits, are just and reasonable and consistent  
14 with the public interest?

15 A (White) Yes.

16 Q Thank you very much. Next are questions for  
17 Erica Menard. Ms. Menard, can you please state  
18 your name and the title of your role at  
19 Eversource?

20 A (Menard) My name is Erica Menard. I am employed  
21 by Eversource Energy Service Company. And I'm  
22 the Manager of Revenue Requirements for New  
23 Hampshire.

24 Q And what are the responsibilities of your role at

[WITNESS PANEL: White|Menard]

1 Eversource?

2 A (Menard) I am responsible for the implementation  
3 and coordination and calculations of rates and  
4 revenue requirements that are presented before  
5 this Commission.

6 Q And have you previously testified before this  
7 Commission?

8 A (Menard) Yes.

9 Q Thank you. And did you also file testimony and  
10 supporting attachments as part of the filing on  
11 June 17th, 2021, that are marked as "Exhibits 1"  
12 and "2"?

13 A (Menard) Yes.

14 Q And were the testimony and supporting materials  
15 prepared by you or at your direction?

16 A (Menard) Yes.

17 Q Do you have any changes or updates to make to  
18 those at this time?

19 A (Menard) No, I don't.

20 Q And do you adopt your testimony today as it was  
21 written and filed?

22 A (Menard) Yes, I do.

23 Q Thank you. Now, could you please explain for us  
24 and the Commission how the Company took the

[WITNESS PANEL: White|Menard]

1 solicitation and developed its proposal?

2 A (Menard) Yes. We take the RFP results that Mr.  
3 White described, and we add A&G adders to that  
4 and RPS costs to get the retail rate. And this  
5 is consistent with the settlement agreement  
6 that's in Docket DE 17-113.

7 Also, annually, in this August rate, we  
8 perform a reconciliation of the prior  
9 twelve-month period, and include that and update  
10 various reconciliation rate factors. And those  
11 are included in this August rate update.

12 In terms of my testimony, I have -- the  
13 exhibit is Attachment ELM-1, and that contains  
14 the Energy Service rate calculation for the Small  
15 Customer Group. It includes the cost of RPS  
16 compliance, it includes updated cost of  
17 administrative and general expenses associated  
18 with the current Energy Service rate offering,  
19 and a reconciliation of the prior period Energy  
20 Service costs, and any under or over recoveries  
21 from the prior period.

22 Additionally, this rate filing includes  
23 an updated Lead/Lag Study, and incorporates the  
24 return on working capital that results from that

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[WITNESS PANEL: White|Menard]

1           Lead/Lag Study. And the Lead/Lag is included in  
2           Attachment ELM-3.

3                       Also, in Attachment ELM-1, the second  
4           page contains the Large Customer rates. Those  
5           are calculated on a monthly basis for Large  
6           Customers. And, again, it includes costs of RPS  
7           compliance, administrative and general expenses,  
8           updated reconciliation factors, and any working  
9           capital from the Lead/Lag Study.

10                      Attachment ELM-2 contains the  
11           reconciliation calculations for the prior  
12           twelve-month period, and incorporates any over or  
13           under recoveries from the period ending July  
14           31st, 2020, and incorporates the current  
15           reconciliation period, which is ten months of  
16           actuals, from August 2020 through May of 2021,  
17           and then two months of estimates for June and  
18           July of 2021.

19   Q       Thank you, Ms. Menard. And could you please  
20           explain the resulting rate changes as reflected  
21           in the proposal here?

22   A       (Menard) Yes. For the Small Customer class, this  
23           is a weighted average fixed rate for the  
24           six-month period of August 2021 through

[WITNESS PANEL: White|Menard]

1 January of 2022, and that rate is 8.826 cents per  
2 kilowatt-hour. And this compares to the current  
3 rate of 6.627 cents per kilowatt-hour. This is a  
4 33 percent increase from the current rates. And  
5 then, Attachment ELM-4 contains the bill  
6 comparison for a typical residential customer.

7 For the Large Customer class, the  
8 monthly prices range from a low of 6.587 cents,  
9 to a high of 13.058 cents per kilowatt-hour.

10 Q And could you please explain what's shown in  
11 Attachment ELM-4?

12 A (Menard) Yes. ELM-4 is the bill impact. It  
13 calculates a comparison for a residential -- a  
14 typical residential customer, using various  
15 kilowatt-hour usages per month of 550, a 600  
16 kilowatt-hour, and 650 kilowatt-hour month. And  
17 compares, on the first page, it compares the  
18 current proposed rate to -- I'm sorry, the  
19 proposed rate for effect August 1st to the  
20 current rate that went into effect on February  
21 1st. And it just demonstrates the impact of the  
22 Energy Service rate alone. No other rate changes  
23 are included in this.

24 On Page 2, it's a comparison of the

[WITNESS PANEL: White|Menard]

1 proposed rate for effect August 1st, compared to  
2 the rate that was in effect August 1st one year  
3 ago.

4 And then, Page 3 contains the rate  
5 changes expressed as a percentage of total  
6 revenue for each class.

7 And then, Attachment ELM-5 contains the  
8 redlined tariff changes, redline and clean  
9 version of tariff changes that would result from  
10 this proposed rate, if approved.

11 Q Okay. Thank you. Are there other rate changes  
12 that will affect this analysis?

13 A (Menard) Yes. There are several other rate  
14 changes that have proposed over the past few  
15 months. We filed for an increase to the  
16 distribution rate as a result of the Step 2  
17 adjustment. We've also filed for a new rate  
18 called a "Regulatory Reconciliation Adjustment"  
19 mechanism, or the "RRA" rate. The SCRC, the  
20 Stranded Cost Reconciliation Charge rate has also  
21 been proposed. And the Transmission Cost  
22 Adjustment Mechanism, or the "TCAM" rate, will be  
23 filed coming up in the next couple of weeks. So,  
24 all of those are to become effective on August



[WITNESS PANEL: White|Menard]

1 1st.

2 All of those combined with this Energy  
3 Service rate change will alter customer bills,  
4 but the total impact is not known yet, since we  
5 have not gone through hearings in all these  
6 various rate proceedings.

7 Q Okay. Thank you. Is it the Company's position  
8 that the solicitation was open and fair, and that  
9 the resulting Energy Service rates are just and  
10 reasonable?

11 A (Menard) Yes.

12 MS. CHIAVARA: Okay. Thank you.  
13 That's all I have for Ms. Menard. And that's all  
14 I have for direct exam.

15 CHAIRWOMAN MARTIN: Okay. Thank you.  
16 Ms. Fabrizio.

17 MS. FABRIZIO: Thank you, Madam  
18 Chairwoman.

19 My first questions will be directed to  
20 Mr. White.

21 **CROSS-EXAMINATION**

22 BY MS. FABRIZIO:

23 Q Mr. White, if you could turn to your testimony at  
24 Bates Page 006, where you describe Eversource's

[WITNESS PANEL: White|Menard]

1 solicitation for Energy Service supply for the  
2 period August 1 through January 31st, 2022. You  
3 state, on Line 14, that the RFP for the  
4 solicitation was "issued to over 100 potential  
5 suppliers plus all members of the New England  
6 Power Pool, or NEPOOL, Markets Committee." Is  
7 that correct?

8 A (White) Yes.

9 Q And how did the Company compile its list of "100  
10 potential suppliers"?

11 A (White) Perhaps "potential" is a key word in that  
12 phrase. We have compiled, over many years of  
13 competitive solicitations, not just in New  
14 Hampshire, but in our other jurisdictions, a list  
15 of companies involved in energy markets in New  
16 England. And, while all of them are likely not  
17 active suppliers in these default service  
18 procurements, they are nevertheless potentially  
19 they may wish to investigate becoming involved.  
20 So, we cast a very broad net, with the  
21 possibility and the thought that perhaps we -- we  
22 don't want to miss anyone.

23 So, that's a -- that's a generic  
24 statement, implying that -- I would say on the

[WITNESS PANEL: White|Menard]

1 distribution list, there is over 200 names on it.  
2 And, so, again, we could probably narrow that  
3 down to those we know may be active to a small  
4 portion of that. But we send it to a broad  
5 distribution, and that's -- it's kind of a  
6 general statement that, potentially, there could  
7 be 100 companies or more interested in servicing  
8 default service energy contracts.

9 In addition to our own maintained  
10 internal distribution list, we ask the ISO New  
11 England Markets Committee to send notice of our  
12 solicitation to their whole distribution list.  
13 So, again, all participants active on the ISO New  
14 England Markets Committee, where companies  
15 interested in this type of business would likely  
16 have membership, be active participants, they get  
17 notified of our solicitations and issuance of our  
18 RFP as well.

19 Q Thank you. So, on that note of notice circulated  
20 via NEPOOL, how does the Company issue its RFP?

21 A (White) We provide those notices as just  
22 described, and direct any interested parties to  
23 our supplier website. And we provide the link in  
24 those notifications. And on the website is

[WITNESS PANEL: White|Menard]

1           pertinent information necessary for a supplier to  
2           participate, such as the full RFP itself, bid  
3           forms that they're required to use when  
4           submitting their offers, the Master Supply  
5           Agreement, if any new party wishes to enter into  
6           a Master Power Supply Agreement with us, the form  
7           of that agreement is posted on the website, as  
8           well as a lot of load data, ICAP tag data, that  
9           would provide history of the character and size  
10          of the load assets we're requesting suppliers to  
11          serve. So, they can do analyses from their  
12          perspective on how much business and how much  
13          risk they would be taking on.

14    Q    Thank you. Also, on Bates Page 006 of your  
15          testimony, you state that the Company received  
16          "multiple conforming proposals" on June 15th.  
17          How many proposals did the Company receive in  
18          total?

19    A    (White) I would direct the Commission to, give me  
20          a second here, to Attachment FBW-2, which is --  
21          oh, by, I'm getting lost in this document. It's  
22          Bates Page 022. And, in that exhibit, under the  
23          "Large Customer Suppliers" section, you can see  
24          the number of offers received and the number of

[WITNESS PANEL: White|Menard]

1 companies submitting offers. We would prefer to  
2 keep -- to not mention specifically on the public  
3 record the level of participation.

4 And, under the "Small Customer  
5 Suppliers", you can see -- you can view this in a  
6 couple ways, because each row represents an offer  
7 for one tranche of Small Customer load. So, you  
8 can see the number of companies that  
9 participated. In addition, you can see the  
10 number of rows, which, technically, individually  
11 represent individual offers for a quantity of  
12 load.

13 Q Thank you. And, generally speaking, how do you  
14 account for the difference in prices in these  
15 solicitations?

16 A (White) Well, every company that provides offers  
17 has their own approach. Obviously, we're not  
18 privy to their thinking. You know, they have  
19 business plans that might drive them to pursue  
20 more or less business in PSNH's procurement. I  
21 think they all evaluate the risks associated with  
22 serving this load in their own manners. And, so,  
23 you know, I'm sure they established it from  
24 profit levels, risk premiums, and, again, their

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[WITNESS PANEL: White|Menard]

1           appetite for business in this particular term.  
2           Maybe they have already got a lot of business in  
3           this particular period and are reluctant to go  
4           after more.

5                         However, you can see the spread of  
6           prices offered. And I think we've had  
7           solicitations where the spread is narrower than  
8           this. But it's -- they're all relatively  
9           similar, in the same ballpark.

10                        Again, level of participation is our  
11           primary goal; the more the better. And we  
12           believe this participation level here represents  
13           a competitive auction, and the prices offered we  
14           viewed as reasonable, given current market  
15           conditions.

16   Q       Thank you. That's helpful. On Bates Page 007 of  
17           your testimony, you state that the Company  
18           entered into Transaction Confirmations and Master  
19           Power Supply Agreements with each of the  
20           successful bidders, is that correct?

21   A       (White) Yes.

22   Q       And did the Company alter its Master Power Supply  
23           Agreement for any of the successful bidders?

24   A       (White) No, we have not. The Master Power Supply

[WITNESS PANEL: White|Menard]

1           Agreements are standing documents. While there  
2           are, you know, wording differences among them,  
3           they are equivalent, with regard to all suppliers  
4           are acting on a level playing field. But the  
5           Master Power Supply Agreements were, for some of  
6           these companies, were signed back in 2018. They  
7           have not changed, and they did not change for  
8           this solicitation.

9                            The Transaction Confirmation itself  
10           references the Master Agreements, and it  
11           identifies the specifics of these particular  
12           transactions, with regard to quantity and price.

13    Q       Thank you. On Bates Page 008 of your testimony,  
14           on Lines 26 to 28, you state that, and I'm  
15           quoting, you state, overall, that the Company's  
16           analysis of supplier offers is based on "some  
17           known market prices and the Company's knowledge  
18           and experience in the New England power markets."  
19           Did the current solicitation take into account  
20           any new developments in the New England power  
21           markets or the regulatory arena this year?

22    A       (White) No, I don't -- I don't believe so. Our  
23           approach, with our proxy price calculations, were  
24           done the same as we've been using in prior

[WITNESS PANEL: White|Menard]

1           solicitations.

2   Q       Thank you.  And those proxy prices are laid out  
3           at Bates Page 23 in Attachment FBW-3 to your  
4           testimony, is that correct?

5   A       (White) That's correct.

6   Q       Thank you.  And let's see.  You note, on Bates  
7           Page 008, from the end of Line 29 through Line  
8           31, that "the Company views the winning offers",  
9           and we heard this earlier, "for both Large and  
10          Small Customers, when compared to projected price  
11          ranges, as reasonable and acceptable."  Is that  
12          correct?

13  A       (White) Yes.  That's correct.  Our proxy prices  
14          are a gauge, not necessarily a target.  It gives  
15          us a feel for what we might anticipate from  
16          offers.  And the offers received were reasonably  
17          within the ranges that we calculate, which,  
18          again, it's not a target, but it gives us a level  
19          of comfort that neither we nor they are -- that  
20          we're viewing current market conditions  
21          similarly.  So, that gives us some confidence  
22          that the offers we received are reasonable.

23  Q       Thank you very much.  And how do this year's bids  
24          compare generally to those of past years?  Did

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[WITNESS PANEL: White|Menard]

1           you see any particularly interesting changes in  
2           the market?

3    A       (White) Well, in this particular period, as Ms.  
4           Menard mentioned, prices have gone up. And that  
5           was anticipated, and we could see that from where  
6           energy prices were trading currently. Compared  
7           to previous periods, it's materially higher.  
8           Ultimately, that's a large component of the  
9           increase in customer rates.

10                    We had had some periods of lower prices  
11           that might be attributable to pandemic  
12           conditions. These price -- these rates are going  
13           up. But they have kind of gone back up to levels  
14           we were at pre-pandemic. That's not a, you know,  
15           necessarily a qualification, it's just an  
16           observation.

17                    But I would say that is the primary  
18           difference from what we've experienced in the  
19           prior couple of rate terms.

20    Q       Thank you. That's helpful. Turning to your  
21           testimony on the Company's RPS requirements, you  
22           state, on Bates Page 009, from the end of Line 21  
23           through Line 23, that "The RPS Adder and the rate  
24           developed to recover the costs of full

[WITNESS PANEL: White|Menard]

1 requirements power supply procurements from  
2 suppliers will be two components of the overall  
3 Energy Service rate."

4 In other words, the final Energy  
5 Service rate will consist of the bid supply price  
6 for each customer class plus the RPS Adder, is  
7 that accurate?

8 A (White) Those are two components. Ms. Menard  
9 mentioned some additional components that go  
10 ultimately into the rate, namely administrative  
11 and general expenses, a working capital  
12 component, and reconciliation components.

13 There is also a loss adjustment,  
14 because the supply contracts we enter into are at  
15 a wholesale market level, which is the level at  
16 which ISO New England settles wholesale markets  
17 in New England. So, suppliers deliver and we  
18 purchase at the low side of the New England power  
19 transmission facilities, again, where all  
20 wholesale market transactions that flow through  
21 ISO New England are settled, and we translate  
22 those prices to rates at the customer's meter.

23 So, those components, all those things  
24 together lead ultimately to the final rates.

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[WITNESS PANEL: White|Menard]

1 Q Thank you. And did the Company experience any  
2 issues arising out of the Renewable Energy  
3 Certificate or REC market in the current  
4 solicitation?

5 A (White) In this current solicitation, we're  
6 talking about setting rates for the August '21  
7 through January '22 delivery period. The Company  
8 has not made any RPS purchases, other than Class  
9 I purchases through standing purchase power  
10 agreements. But, for the other RPS classes, we  
11 have not made any 2021 or 2022 purchases at this  
12 point in time.

13 Q Okay. Thank you. That concludes my questions  
14 for you, Mr. White. Thank you very much.

15 MS. FABRIZIO: Madam Chair, shall I  
16 continue to Ms. Menard?

17 CHAIRWOMAN MARTIN: Yes. Please.

18 MS. FABRIZIO: Okay. Thank you. Good  
19 morning, Ms. Menard.

20 WITNESS MENARD: Good morning.

21 BY MS. FABRIZIO:

22 Q In Order Number 26,438 issued in December 2020 in  
23 Docket DE 20-054, regarding the Company's most  
24 recent August 2020 through January 2021 energy

[WITNESS PANEL: White|Menard]

1 service procurement, the Commissioners directed  
2 Staff to investigate the Company's inclusion of  
3 Accumulated Deferred Income Tax, or ADIT,  
4 expenses in its calculation of carrying charges  
5 related to the reconciliation of Renewable  
6 Portfolio Standard costs and other rate elements  
7 as discussed in that order. Do you recall that  
8 directive?

9 A (Menard) Yes.

10 Q And how was ADIT handed -- or, ADIT handled in  
11 the Company's 2021 filing that we are reviewing  
12 today?

13 A (Menard) I will point you to Bates Pages 049  
14 through 050 -- hold on. Yes, 049 through 050,  
15 and then also 052. And this is where the  
16 carrying charge is calculated and the  
17 reconciliation. And you'll note, on Lines 9  
18 through 13, that is the specific area where the  
19 ADIT issue would be identified.

20 So, the order that you indicated, I  
21 believe that that order was for beginning  
22 February 2021 rates, the ADIT was not to be  
23 included in the carrying cost calculation. So,  
24 you'll see, on Lines 9 through 11, well,

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1 specifically on Line 10, you'll see ADIT is  
2 included through January of 2021, that was the  
3 term through that previous rate period. And  
4 then, beginning February of 2021, it is not  
5 included.

6 So, that is the compliance with that  
7 order, to remove ADIT from the carrying cost  
8 calculation. And that is done for the Small,  
9 Large, and RPS carrying charges.

10 Q Thank you. And, in the same order, the  
11 Commission further directed Staff to investigate  
12 the Company's inclusion of net-metering charges  
13 in stranded costs in Docket DE 20-095, regarding  
14 the Company's petition for an adjustment to its  
15 Stranded Cost Recovery Charge. Do you recall  
16 that directive?

17 A (Menard) Yes.

18 Q And are the results of that directive reflected  
19 in the filing before the Commission today?

20 A (Menard) Yes. There was a separate docket opened  
21 up, can't recall the number, I want to say it's  
22 20-136, but that's subject to check, where we did  
23 investigate net metering costs and the  
24 appropriate place for cost recovery of net

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1 metering costs. And the result of that was to  
2 exclude net metering cost recovery from the  
3 Energy Service rate, and include that cost  
4 recovery in the stranded cost rate.

5 And I do note, on Bates Page 036, in  
6 Lines 4 through 8, I do make note of the specific  
7 docket number and order number, indicating that  
8 we did move net metering costs to the stranded  
9 cost rates.

10 Q So, that issue has been resolved in this filing?

11 A (Menard) Correct. Yes.

12 MS. FABRIZIO: Thank you. And I have  
13 no more questions for Company witnesses. Thank  
14 you.

15 CHAIRWOMAN MARTIN: Thank you.

16 Commissioner Bailey.

17 COMMISSIONER BAILEY: Thank you.

18 BY COMMISSIONER BAILEY:

19 Q Mr. White, is the average price per megawatt-hour  
20 for the winning bidders in each tranche  
21 confidential?

22 A (White) Yes.

23 Q Why is that?

24 A (White) That we view as competitive information

[WITNESS PANEL: White|Menard]

1 that I don't think they would want what they  
2 offered revealed to their competitors.

3 Q Well, it's not really what they offered, it's  
4 what the weighted average price that customers  
5 are going to pay is, right? And then, you add  
6 the RPS to that to come up with the retail rate,  
7 the RPS and the administrative costs?

8 A (White) Let me -- give me one second please to  
9 navigate this document.

10 Q Yes. I think I was looking at Page 22, Bates  
11 Page 022.

12 A (White) Yes. So, you're talking about the  
13 weighted average down at the bottom of that  
14 exhibit?

15 Q No. I'm talking about the column that is labeled  
16 "Period" in the "Small Customer Suppliers" box in  
17 the middle of the page.

18 A (White) Yes.

19 Q Well, I guess that's where you got the numbers on  
20 the bottom of the page as well.

21 A (White) Yes. I guess I would say that we would  
22 probably agree with you that the figure in the  
23 bold --

24 Q Uh-huh.

[WITNESS PANEL: White|Menard]

1 A (White) -- boxed in with bold on the bottom row  
2 of that exhibit could probably be public  
3 information. But I would maintain that suppliers  
4 wouldn't like their individual offers revealed.

5 Q Okay. That's fair. So, the number in bold, at  
6 the very bottom of the page, which is the  
7 weighted average cost of all four tranches, could  
8 be public?

9 A (White) I think so. I'd like to think about it a  
10 little more. But I think we would probably agree  
11 with that. There may be other voices in the  
12 Company that would raise a concern. I'd like to  
13 hear them, before we commit. But I think it's  
14 likely that that wouldn't be a problem.

15 Q Okay. I think that would be helpful.

16 A (White) Yes. Okay. That's good. I'll make a  
17 note.

18 CHAIRWOMAN MARTIN: Commissioner  
19 Bailey?

20 COMMISSIONER BAILEY: Sure.

21 CHAIRWOMAN MARTIN: Could I interject,  
22 one follow-up question?

23 BY CHAIRWOMAN MARTIN:

24 Q Mr. White, did I understand you to say that the



[WITNESS PANEL: White|Menard]

1 number of responses, that the Company asserts  
2 that's also confidential?

3 A (White) Yes. We like to keep confidential the  
4 level of participation. We don't want to  
5 influence participation one way or the other by  
6 revealing how many people have participated in  
7 our solicitations. We have discussed in the past  
8 that, after some period of time, that this could  
9 be -- could become unprotected. And some of  
10 that, that particular information, for example,  
11 we might reveal it a year or some period of time  
12 later.

13 But, while we're in the middle of it,  
14 these companies, how many people are  
15 participating in various solicitations, we've  
16 typically kept that confidential. And we do so  
17 in other jurisdictions as well.

18 CHAIRWOMAN MARTIN: Okay. Thank you.  
19 I think I'd be interested in hearing from counsel  
20 at the end as to the legal basis for that  
21 assertion.

22 Thank you, Commissioner Bailey.

23 COMMISSIONER BAILEY: Okay. Thanks.

24 BY COMMISSIONER BAILEY:

[WITNESS PANEL: White|Menard]

1 Q Mr. White, are you confident that soliciting the  
2 Small Customer load in four tranches is going to  
3 produce the lowest cost for your customers?

4 A (White) Yes. We feel it's a reasonable approach.  
5 Based on our experience across the region, that's  
6 a level of business that interests suppliers from  
7 participating, but it's not so large that it -- a  
8 lot of suppliers decline to participate.

9 Q The reason that I'm asking these questions is  
10 because the Commission issued an order yesterday  
11 on Liberty's solicitation, and the rate that they  
12 got, the retail rate is 8.4 cents rounded, and  
13 yours is 8.9 cents rounded. So, that's a half a  
14 penny per kilowatt-hour lower.

15 And I didn't -- I did not look to see  
16 what the overall price per megawatt-hour that  
17 they received in their solicitation was. But, if  
18 that number that we talked about earlier, on Page  
19 22, that might be able to be public, could be  
20 compared to Liberty's number, that's analogous,  
21 it might give you some information. Have you  
22 ever looked at that?

23 A (White) I have looked at it. I have not seen  
24 Liberty's most recent filing. We usually view

[WITNESS PANEL: White|Menard]

1 the difference between their rates and ours  
2 are -- generally have been attributable to  
3 changes in market prices, namely energy prices.  
4 I could tell you that, from the day that Liberty  
5 received their bids, to the day that we received  
6 our bids, prices increased by almost 10 percent  
7 in the energy market.

8 So, I think that, like I say, I haven't  
9 seen that equivalent number in their filing, that  
10 might -- that might account for a lot of it.  
11 And, again, I don't -- I'm not familiar with the  
12 character of their loads and the particular load  
13 shapes. Suppliers are provided hourly loads for  
14 these customer groups. And, depending on, you  
15 know, the character of the load within these load  
16 assets, they may view it as more or less risky.

17 As we understand, they have fairly  
18 sophisticated models that forecast hourly loads  
19 into the future based on history. So, I don't  
20 know if there are structural differences with  
21 those types of things. But, generally, I would  
22 say that it's a change in the market prices.

23 Q Okay. About your explanation as to why you think  
24 the price might have increased as much as it did

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[WITNESS PANEL: White|Menard]

1 in this solicitation, I'm confused a little bit,  
2 because I think, for the last several years,  
3 usually, if the price is an increase, it's  
4 because the capacity market prices have  
5 increased, and, if the price decreases, it's  
6 usually explained that "well, the capacity market  
7 price decreased." Didn't the capacity market  
8 price decrease in this period?

9 A (White) It decreased a little bit. In the  
10 current rate term -- in the current rate term, we  
11 had -- let me find it. In the current rate term,  
12 we had four months at \$5.3 a kilowatt-month and  
13 two months at \$4.6 a kilowatt month. In this  
14 rate term, capacity prices are 4.6 for the entire  
15 six months. So, there is a decrease.

16 But what's driving -- and capacity  
17 prices were quite high a few years ago, and they  
18 have been coming down, and they will continue to  
19 go down. I think we get more significant drops  
20 after this year, where the price drops to \$3.80  
21 next June, and then down into the \$2.00 range.

22 But what really explains rate changes  
23 here are energy market prices. The energy market  
24 price is probably around 60 percent of the all-in

[WITNESS PANEL: White|Menard]

1 price. Capacity prices are probably more like  
2 20 percent. If you were to isolate those  
3 components of the total rate, energy is a much  
4 bigger driver than capacity. A few years ago, as  
5 you point out, that wasn't as true, when capacity  
6 prices were much higher.

7 Q Okay. Thank you. Ms. Menard, have you  
8 calculated the bill impact if all of the filings  
9 that you have made were approved? So, if we  
10 approve the proposed SCRC rate, and we approve  
11 the Regulatory Rate Adjustment rate, and the TCAM  
12 rate, have you calculated what the bill impact  
13 would be?

14 A (Menard) We've calculated, in the latest SCRC  
15 filing, we did calculate everything we filed so  
16 far. The only outstanding item that has not been  
17 filed yet is the TCAM rate. So, we don't have  
18 one that encompasses everything. We plan to file  
19 the TCAM rate in the next couple weeks, in early  
20 July. And, at that point, we would have the full  
21 complement of rate increases.

22 Q What was the bill impact in the SCRC filing? And  
23 did that include the energy rate increase as  
24 well?

[WITNESS PANEL: White|Menard]

1 A (Menard) It did, if you'll give me a second.  
2 Benefits of remote is I have my computer here,  
3 and I can look it up.

4 So, for a 600 kilowatt-hour month  
5 customer, including Energy Service, you want a  
6 bill impact, the percentage in the total bill?

7 Q Yes.

8 A (Menard) It will be an 8.8 percent increase.

9 Q And does that include the step adjustment?

10 A (Menard) Yes.

11 Q Okay.

12 A (Menard) It includes the step adjustment, the  
13 RRA, the stranded cost, and the Energy Service  
14 rate changes.

15 Q Okay. And the transmission rate is going up,  
16 because the FERC rate went up this year, right?

17 A (Menard) Yes. That's the plan.

18 COMMISSIONER BAILEY: All right. Thank  
19 you. That's all I have.

20 CHAIRWOMAN MARTIN: Commissioner  
21 Goldner.

22 COMMISSIONER GOLDNER: Yes. Just a  
23 couple of questions.

24 BY COMMISSIONER GOLDNER:

[WITNESS PANEL: White|Menard]

1 Q For Mr. White, you mentioned that you sent a very  
2 broad -- the RFP to a very broad distribution  
3 list, I think you said "a couple hundred", a  
4 couple hundred suppliers. And, yet, on Bates  
5 022, it shows what I would characterize as a  
6 very, very small number of supplier bids. I  
7 won't quantify it, understanding that it's  
8 confidential, but let's just say it's very small.  
9 Is it typical? Did you get a response from more  
10 or less suppliers than you usually do?

11 A (White) It's not the most responses we've  
12 received, it's not the least. I think it can be  
13 fairly viewed as kind of an average level of  
14 participation, and a level that we are  
15 comfortable with.

16 Commissioner, it's also consistent with  
17 participation levels we see in other  
18 jurisdictions. And perhaps -- perhaps  
19 identifying our distribution list as "potential  
20 suppliers", maybe the semantics of that is not --  
21 I could clean that up a bit. They are companies  
22 involved in wholesale markets in New England.  
23 And I would submit that it's likely true that  
24 many of them have no intention and never have

[WITNESS PANEL: White|Menard]

1 technically been suppliers of default service.  
2 So, I think maybe that could be viewed as a bit  
3 misleading, and I'll clean that up going forward.

4 Q Thank you. Thank you. A question for Ms.  
5 Menard, or Mr. White. I noted that there were no  
6 RPS purchases made for the coming time period,  
7 August '21 to January '22. But I also noticed,  
8 on Bates Page I think it's 071, that there is an  
9 RPS adjustment factor of 0.77 cents. I'm just  
10 trying to correlate those two facts.

11 Can somebody please expand on that,  
12 explain the RPS adjustment factor rate that is  
13 stated on Bates Page 071?

14 A (Menard) Sure. I can take a first stab at it,  
15 and then Mr. White can jump in.

16 I'm going to direct you first to Bates  
17 Page 052. Bates Page 052 is the RPS  
18 reconciliation calculation.

19 Q Okay. It's very small print, but I will do my  
20 best.

21 A (Menard) I know. I'm sorry. So, every August  
22 the Company does a reconciliation, where we  
23 reconcile actual revenues against actual  
24 expenses, or, in this case, close enough to



[WITNESS PANEL: White|Menard]

1 actual, we have ten months of actual and two  
2 months of estimates.

3 So, the revenues, the RPS revenues is  
4 the rate that is set in, you know, either the  
5 February or the August rates, times the sales.  
6 And, so, we calculate what the actual revenues  
7 are, and we compare those to our RPS expense.  
8 That RPS expense line is every month we perform  
9 an estimate of what our RPS requirement is, and  
10 then every -- by the end of June, I think we make  
11 the filing in July, Mr. White can correct me, we  
12 file what our RPS obligation is, what that total  
13 expense is for the year.

14 So, for August through June, we have  
15 these estimates of what the annual expense for  
16 RPS is going to be. And then, in July, we have  
17 the true-up to the actual expense.

18 And, so, that is -- that is how we  
19 calculate, and then we have a return on working  
20 capital. But we calculate this  
21 over-/under-recovery, apply a return to that.  
22 And, then, ultimately, that develops into a rate.  
23 So, that's what you see on Line 14 is this  
24 "Renewable Portfolio Standard Reconciliation

[WITNESS PANEL: White|Menard]

1 Factor". And, so, that is just reconciling for  
2 the previous revenues versus expenses. So,  
3 that's one component that gets added.

4 So, if you then go back to Bates Page,  
5 let me see, 045, I'll just pick on the Small  
6 Customer class. You'll see Line 7 and 8. So,  
7 what we just talked about was Line 8, that's the  
8 RPS Reconciliation Adjustment Factor. And,  
9 typically, that adjustment factor is used for a  
10 one-year period. So, that's reconciling  
11 historical.

12 Then, on Line 7, we have the "Renewable  
13 Portfolio Standard Adjustment Factor". And this  
14 is a projection of 2021 RPS expense for the  
15 coming six-month term. And that number, if you  
16 turn to Bates Page 024, the bottom -- the bottom  
17 right-hand corner is the RPS Adder. So, this is  
18 trying to project what the -- based on the  
19 assumed sales forecast, based on the assumed  
20 percent of the various class requirements, based  
21 on our current inventory and our inventory costs,  
22 and what the market prices are, all of this is  
23 factored in, and it comes up with an RPS Adder  
24 rate. And, so, that is the rate that customers

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[WITNESS PANEL: White|Menard]

1 are charged for the coming six-month period to  
2 try to recover our anticipated RPS compliance  
3 costs for the next six months.

4 So, it's two pieces related to RPS.  
5 One is reconciling historical to actuals, and  
6 then the next is trying to recover monies to pay  
7 for the coming six months' expenses.

8 Q And I'm just trying to understand where the  
9 recovery comes from. If you're not purchasing  
10 any, then there must be -- they must be sort of  
11 internally generated, so they're power generation  
12 that you're creating yourself within Eversource  
13 or how is that -- where is that cost coming from?

14 A (Menard) Rick -- I think Rick can explain when  
15 RECs are purchased and for what compliance period  
16 probably better than I can.

17 A (White) Yes. The second component that Ms.  
18 Menard mentioned, the 0.77 cents per  
19 kilowatt-hour, is anticipated costs on a  
20 going-forward basis for RPS compliance. So, we  
21 recognize that there is an RPS obligation, and we  
22 will be making purchases to cover that  
23 obligation. And it's effectively a forecast of  
24 costs we anticipate to incur going forward to

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1           comply with RPS requirements. And it's based on  
2           current market prices, similar to our projection  
3           of default service prices. We look at current  
4           market prices at the time we're setting the rate.  
5           So, consistent with the energy market prices, we  
6           establish a rate. You can view it as if -- if we  
7           had had suppliers, if the Commission had chosen  
8           to have suppliers cover RPS compliance  
9           obligations, rather than have the Company do it,  
10          the suppliers would have been including in their  
11          rate what they believed it would have cost them  
12          for compliance. We're effectively doing the same  
13          thing. It's going to cost something to comply  
14          with the requirements. And, so, we, as best we  
15          can, establish a rate based on what we feel is  
16          the best available information at this time to  
17          set the rate.

18        Q     I see. Okay. So, from an accounting  
19              perspective --

20        A     (Menard) If I could just --

21        Q     Yup. Go ahead.

22        A     (Menard) If I could just add to that? I think  
23              part of the confusion is the compliance period  
24              and when it's actually due. So, Rick, if you

[WITNESS PANEL: White|Menard]

1 could explain that, you know, the 2020 compliance  
2 period, you don't actually have to --

3 A (White) The 2020 -- let's see if I can get this  
4 right. The 2020 trading period for 2020 vintage  
5 RECs closed in the ISO New England GIS system on  
6 June 15th. So, while the obligation for 2020 is  
7 based on sales to customers for the calendar year  
8 2020, there's a lag in when RECs are minted in  
9 GIS. So, while a megawatt-hour generated on  
10 January 1st of 2020 qualifies as a 2020 vintage  
11 REC, it's not a fungible item until June 15th of  
12 2020. So, there's a six-month plus lag from  
13 January 1st, and they kind of hopscotch quarter  
14 by quarter. Things are minted in GIS on a  
15 quarterly basis. But what that means is, when  
16 you project it forward, the RECs generated on  
17 December 31st, 2020, they don't become minted in  
18 GIS until, excuse me, until April 15th of the  
19 following year.

20 So, while generators know that they  
21 have got these RECs in their back pocket, and, in  
22 fact, purchases and sales are made on those RECs  
23 before they are minted in GIS, they're not really  
24 there to utilize for anything until April 15th.

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[WITNESS PANEL: White|Menard]

1                   And I think I'm talking too much, and  
2                   probably confusing the issue. The point is that  
3                   there is a significant lag in when you establish  
4                   your final plan for compliance. So, for 2020,  
5                   the final RECs are minted in April. There's a  
6                   trading period until June 15th, where people can  
7                   continue to buy and sell 2020 RECs. And, by June  
8                   30th, next Wednesday, companies are required to  
9                   file their annual compliance obligation form to  
10                  the Commission by June 30th of 2021, which lays  
11                  out how they intend to comply with 2020  
12                  requirements.

13    Q    Okay.

14    A    (White) So, we have not fully established that  
15           plan and filled out our form for 2020, even  
16           though we're well into 2021.

17    Q    So, just from an accounting perspective, I think  
18           would it be fair to say this is not -- you're not  
19           doing this on a cash basis, it's more of like an  
20           accrual basis. Because of the time lag and the  
21           time periods, you're trying to true-up the time  
22           period of the actual obligation?

23    A    (White) Correct.

24    A    (Menard) Correct.

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[WITNESS PANEL: White|Menard]

1 A (White) That's correct.

2 Q And is there any --

3 A (White) I'm not an accountant, but I saw Ms.  
4 Menard shaking her head. So, I thought I'd  
5 verbalize it.

6 Q Is there, these RECs, is there a time period  
7 after which they're of no use to you or are they  
8 good for an infinite period of time?

9 A (White) A 2020 REC, --

10 Q Yes.

11 A (White) -- the trading period closed on June 15th  
12 of 2021. So, those RECs are no longer fungible.  
13 They can't be bought and sold anymore. But they  
14 can be used for compliance. And regulations  
15 allow that, if they're not all used for the  
16 compliance year that's the same as their vintage,  
17 so, a 2020 vintage REC, all those can be used for  
18 2020 compliance obligation. If there is surplus,  
19 you can carry them forward, for compliance only,  
20 in the following two years, to a level of 30  
21 percent of your obligation in those following  
22 years. So, depending on the level of surplus  
23 that you have "banked", there is a limit on how  
24 much -- how many of them can be used for

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[WITNESS PANEL: White|Menard]

1 compliance, once you're beyond their vintage  
2 year. And you get two years. There's two years  
3 of that. So, a '20 vintage REC could be used in  
4 2021 or '22.

5 Q Very good. And I know Eversource does not  
6 control the methodology nor the complexity here,  
7 but can you think of any reason why there would  
8 be these deadlines and these 30 percent, and all  
9 of these special rules around the compliance?

10 It seems like why wouldn't the  
11 utilities be allowed to have more flexibility in  
12 these purchases, and even sales. It sounds like  
13 there's a time period after which -- or, there's  
14 an inability to sell, once it's booked in a  
15 certain account and so forth.

16 So, I'm just trying to understand, as a  
17 new commissioner, why there's such a lack of  
18 flexibility offered the utilities?

19 A (White) I'm not sure I know the answer to that,  
20 Commissioner. I wasn't around when these markets  
21 were established. I think, as we all know, these  
22 are, effectively, virtual markets created to  
23 incent renewable generation. And I think, with  
24 the idea that we wanted, I think, however it was

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[WITNESS PANEL: White|Menard]

1 set up, they wanted there to be a continual  
2 requirement, and didn't want -- they wanted an  
3 active market year after year. So, I'm guessing  
4 that's why some limitations were put on how much  
5 flexibility there is in moving RECs around among  
6 years.

7 Why they can't be continually bought  
8 and sold? I'm not -- I'm not sure. I have a  
9 feeling Mr. Eckberg may have more background in  
10 this than I do. I'm not sure about that  
11 component.

12 COMMISSIONER GOLDNER: Well, except for  
13 the vegetable market at the grocery store, I've  
14 never heard of a market where, you know, buying  
15 and selling has some term limits. It seems like  
16 this is a very strange requirement, to me, that's  
17 foisted on the utilities. So, I appreciate your  
18 perspective. I was just trying to understand  
19 more about how that worked.

20 Okay. Thank you. Thank you, everyone.  
21 That's all I have, Chairwoman Martin.

22 WITNESS WHITE: We would appreciate any  
23 added flexibility in these markets.

24 COMMISSIONER GOLDNER: Thank you.

[WITNESS PANEL: White|Menard]

1 Thank you. That's what I was trying to  
2 understand. Thank you.

3 CHAIRWOMAN MARTIN: I just have one  
4 clarifying question, Mr. White.

5 BY CHAIRWOMAN MARTIN:

6 Q I think I'm understanding, from the conversation  
7 you just had with Commissioner Goldner, and what  
8 I read in the testimony, though, that you have  
9 RECs in inventory that are likely to be used  
10 during the six-month period?

11 A (White) That's correct. Our exhibit does  
12 represent that there are some surplus RECs that  
13 may be used for compliance in 2021. That was our  
14 plan, as best we understood it, heading into this  
15 filing.

16 Those surpluses result from some  
17 changes in regulations in obligation quantities.  
18 And I think, in opening, when we talked about  
19 discussions around RPS, I think you could see, if  
20 you view that exhibit that I believe you're  
21 looking at, in FBW-4, that the influence of those  
22 quantities of RECs on the overall proposed RPS  
23 rate, if they were to be adjusted or changed, the  
24 impact would be very minor to that, ultimately,

[WITNESS PANEL: White|Menard]

1           that rate.

2                       But you are correct in observing that  
3           there is some RECs going forward, as we envision  
4           our plan at the time of filing, into 2021  
5           compliance.

6   Q       Okay.  And is that more than Class I RECs?  Or  
7           just Class I RECs?

8   A       (White) No.  I think, if you look at Bates 024,  
9           and if you look in the section "Current  
10          Inventory-RECs", you can see it's not Class I.  
11          It's in other classes, Classes II and III.

12   Q       Okay.  Got it.

13   A       (White) Okay?

14                       CHAIRWOMAN MARTIN:  Yes.  I was looking  
15          at the testimony, actually.

16                       Okay.  I don't have any other  
17          questions.  So, Ms. -- oh, Commissioner Bailey,  
18          go ahead.

19                       COMMISSIONER BAILEY:  Thanks.  Thank  
20          you.  I just have a couple of follow-up questions  
21          for Ms. Menard.

22   BY COMMISSIONER BAILEY:

23   Q       I think I heard you say that you "calculate the  
24          over- or under-recovery and apply a return."  Did

[WITNESS PANEL: White|Menard]

1           you mean a "rate of return"?

2   A       (Menard) Yes. Prime rate.

3   Q       So, that's not a rate of return, that's the cost  
4           of money?

5   A       (Menard) Yes.

6   Q       Okay. And then, on my question about the  
7           calculation of the bill impact with the SCRC and  
8           all the other rates, except for TCAM, I think you  
9           said you expected that would be an "8.8 percent  
10          increase". Was that a comparison to the previous  
11          period or the prior August to January period?

12   A       (Menard) It was compared to the previous period  
13          set in February.

14   Q       Okay. So, that would compare -- that would be  
15          comparable to your calculation on Bates Page 068,  
16          which shows the rate impact or the bill impact  
17          here, --

18   A       (Menard) Yes.

19   Q       -- from the prior period is 11.4 percent?

20   A       (Menard) Yes.

21   Q       So, is the reduction in the SCRC responsible for  
22          that big difference?

23   A       (Menard) Yes. There's two reductions. The RRA  
24          is a slight downward adjustment, and the SCRC is

[WITNESS PANEL: White|Menard]

1 a downward adjustment, yes.

2 Q Okay. All right. Thank you.

3 A (Menard) And then, if you wanted to know the  
4 equivalent to what's on Bates Page 069, compared  
5 to the previous August, it's 12.5 percent for a  
6 600 kilowatt-hour customer.

7 COMMISSIONER BAILEY: Okay. Thank you  
8 very much.

9 WITNESS MENARD: You're welcome.

10 CHAIRWOMAN MARTIN: Okay. Ms.  
11 Chiavara, any redirect?

12 MS. CHIAVARA: I have no redirect.  
13 Thank you.

14 CHAIRWOMAN MARTIN: Okay. Ms.  
15 Fabrizio.

16 MS. FABRIZIO: Thank you, Madam  
17 Chairwoman. Staff would like to present --

18 *[Court reporter interruption to request*  
19 *a short recess.]*

20 CHAIRWOMAN MARTIN: Absolutely. We  
21 will come back at 11:35. Off the record.

22 *(Recess taken at 11:27 a.m. and the*  
23 *hearing resumed at 11:38 a.m.)*

24 CHAIRWOMAN MARTIN: Okay. Let's go

[WITNESS PANEL: White|Menard]

1 back on the record.

2 I think we had a follow-up, based on  
3 our discussion here, for Mr. White, related to  
4 what you have in inventory that might be used in  
5 this coming period, related to Class I.

6 BY CHAIRWOMAN MARTIN:

7 Q I was asking about Class I, and you showed me the  
8 chart that shows Class II and Class III RECs that  
9 are going to be used. But, in the testimony, on  
10 Page -- Bates Page 009, in the discussion of  
11 Class I RECs, and this is your testimony, there  
12 is a discussion of essentially a surplus of Class  
13 I RECs related to Burgess and Lempster?

14 A (White) Yes.

15 Q And, so, I think my question was getting at  
16 whether you have in inventory Class I RECs that  
17 you'll be -- from those that you'll be using  
18 during the August through January time period?  
19 The chart makes it look like that's not the case,  
20 and I just want to clarify.

21 A (White) Class I RECs are -- excuse me -- a unique  
22 circumstance. We do not make market purchases.  
23 We purchase RECs under two purchase power  
24 agreements with the Burgess and Lempster

[WITNESS PANEL: White|Menard]

1 facilities. Those are Commission-approved  
2 contracts that include a RECs purchase component.  
3 And the level of purchases under those agreements  
4 exceed obligation requirements. They have for  
5 several years, and we expect that they will  
6 going -- will continue to going forward.

7 In addition to that purchase  
8 requirement, there is a formulaic contract price  
9 in those agreements that establish the price paid  
10 for RECs, which is disassociated from market  
11 purchases.

12 When we divested and entered into the  
13 Settlement Agreement which established our  
14 current procurement protocols and methodology,  
15 the purchases of those RECs at over-market prices  
16 was recognized. And it was agreed that, because  
17 the wish was for default service rates to mimic  
18 market prices, that utilizing those RECs for  
19 default service RPS compliance at their purchase  
20 price would distort the overall customer rate and  
21 drive it away from a "current market price". So,  
22 it was agreed that, to the extent Class I RECs  
23 are utilized to meet default service obligations,  
24 those would be expensed in the ES rate at the

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1 then current market price when the rate is  
2 established.

3 So, the exact volume and, if you will,  
4 a pre-established transfer price from the  
5 remainder of those contracts reside in SCRC.  
6 And, from that component, we transfer RECs at a  
7 market price into the ES book of business, so to  
8 speak, and that's the Class I component that goes  
9 into the overall RPS rate.

10 So, if we look at FBW-4, and if you  
11 look at the current market price established for  
12 Class I RECs in 2021, --

13 Q Mr. White, can you just give me the Bates page  
14 please?

15 A (White) I believe --

16 A (Menard) 024.

17 A (White) Yes, I think it's 024. Let me go there.  
18 I was looking at something else.

19 So, the current market price for Class  
20 I is established here at \$38. And that's, as  
21 mentioned earlier, that's a closing price from  
22 broker quotation sheets on June 14th. So, again,  
23 we believe, if a supplier was managing RPS  
24 obligations, they would have recognized that, to



[WITNESS PANEL: White|Menard]

1 meet a Class I RPS obligation, it would have cost  
2 them \$38 a REC.

3 Our agreement with the Commission and  
4 other parties in the Settlement Agreement is, in  
5 approving the rate today, we are also effectively  
6 establishing the transfer price for the quantity  
7 of RECs, Class I RECs, needed for compliance  
8 obligations for default service load would be  
9 priced at \$38 in the ES rate and in the ES  
10 reconciliation.

11 So, in theory, there will be no  
12 reconciliation for Class I RECs, because we've  
13 all agreed that the proper component for that  
14 cost in this rate is a REC costing \$38.

15 Have I explained that okay or --

16 CHAIRWOMAN MARTIN: Yes. That is  
17 exactly what was I looking for. Thank you.

18 Other Commissioners?

19 BY COMMISSIONER BAILEY:

20 Q Can you look at the confidential box above where  
21 the transfer price is, "Current Inventory",  
22 "Class I" RECs? And can you explain that number?

23 A (White) Well, it's shown that way -- effectively,  
24 the way this spreadsheet calculates cost, if you

[WITNESS PANEL: White|Menard]

1 look up in the "RECs Requirement", where the  
2 Class I requirement is "137,701"?

3 Q Uh-huh.

4 A (White) In the calculation of the ultimate rate,  
5 those are priced at \$38, the market price.

6 I suppose we could show that as an  
7 inventory level and show the current inventory  
8 cost of \$38, which, the way this calculates, it  
9 would say "okay, you have nothing in inventory,  
10 so the rest have to be bought at the market  
11 price." If you show them as inventory at the  
12 market price, they would say "okay, there's no  
13 additional costs involved." So, we'd wind up the  
14 same place. And, perhaps it's a little  
15 confusing.

16 Q It is confusing.

17 A (White) The philosophy is that Class I RECs, for  
18 Energy Service customers, are purchased at a  
19 current market price.

20 Q I totally understand that. What I don't  
21 understand is the inventory number. And, you  
22 know, your testimony says that you have more  
23 inventory than you need?

24 A (White) Well, we make more purchases than we

[WITNESS PANEL: White|Menard]

1 need.

2 Q Right. Isn't that inventory?

3 A (White) It is inventory. But it's not inventory  
4 to use for default service --

5 Q I mean, that's the number of RECs in that column,  
6 right, it's not the price?

7 A (White) Yes. You're correct.

8 Q So, it seems like that should be a different  
9 number.

10 A (White) So, if that number was the RECs  
11 requirement, and the inventory cost was shown  
12 equal to the market price? I think what you're  
13 saying is, that would be more understandable in  
14 your view of this exhibit. And, that may be  
15 true, and we could do that. And, if we did that,  
16 the 0.770 would not change.

17 Q I understand that. Thank you. But --

18 A (White) I just want to make sure that's  
19 understood.

20 Q But what I think would be more interesting, you  
21 wouldn't -- I don't think you should just copy  
22 the REC requirement number into the current  
23 inventory box, you should put how many RECs  
24 you've actually had to buy. Because that's like

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1 what you have in the bank, isn't it?

2 A (White) Yes. And I'm not -- I'm not sure that --  
3 I'm not sure we have that level of RECs from  
4 Burgess yet this year. We probably do. We  
5 probably have more than that. I'm not -- I'm not  
6 sure about that.

7 Q All right. Well, maybe take a look at that for  
8 the future?

9 A (White) Okay. I'll make a note. And, so, your  
10 view would be that we'd show the requirement and  
11 the full volume to date of RECs from Burgess?

12 Q Well, I mean, in the "Current Inventory" box, for  
13 "Class III", you have a number there. What does  
14 that number represent? Does that number  
15 represent the number of Class III RECs you have  
16 banked from prior years?

17 A (White) Yes.

18 Q So, wouldn't the amount that you purchase from  
19 Burgess be analogous to that?

20 A (White) Yes. I understand your point.

21 COMMISSIONER BAILEY: Okay. Thank you.

22 WITNESS WHITE: Thank you.

23 CHAIRWOMAN MARTIN: Thank you,

24 Commissioner Bailey.

[WITNESS: Eckberg]

1 Ms. Fabrizio, if you would like to go  
2 ahead.

3 MS. FABRIZIO: Thank you, Madam Chair.  
4 Staff would like to present Mr. Eckberg as a  
5 witness today, primarily on the topic of the  
6 Renewable Energy Credits market as it applies to  
7 energy service solicitation, as has been  
8 discussed earlier this morning.

9 **STEPHEN R. ECKBERG, SWORN**

10 **DIRECT EXAMINATION**

11 BY MS. FABRIZIO:

12 Q Good morning, Mr. Eckberg. Could you please  
13 state your full name for the record?

14 A My name is Stephen R. Eckberg.

15 Q And by whom are you employed?

16 A I'm employed by the New Hampshire Public  
17 Utilities Commission.

18 Q And what is your position at the Commission?

19 A I'm currently a Utility Analyst in the Electric  
20 Division with the Commission.

21 Q Thank you. And could you please describe your  
22 previously work experience at the Commission?

23 A Certainly. Prior to my current position, I was  
24 employed as an analyst in the Commission's

[WITNESS: Eckberg]

1           Sustainable Energy Division, where my  
2           responsibilities included various program  
3           administration of Renewable Energy Fund funded  
4           programs, as well as oversight in administration  
5           of RPS compliance for load-serving entities who  
6           had RPS obligation under the statute and rule.

7    Q       Thank you.  And have you previously testified  
8           before the Commission?

9    A       Yes, I have.  Both in my current position, as a  
10           member of the Commission Staff, and previously as  
11           a member -- as an analyst with the Office of  
12           Consumer Advocate.

13   Q       Thank you.  And could you please describe your  
14           involvement with this docket?

15   A       Yes.  I am the primary Staff analyst assigned to  
16           this docket, meaning I was responsible for  
17           reviewing the materials submitted with the  
18           Company's filing, and working with the Company  
19           witnesses, discussing various issues with them in  
20           a technical session yesterday, along with my  
21           analytic colleagues here at the Commission,  
22           Mr. Chagnon accompanied me yesterday, as well as  
23           you, Ms. Fabrizio, in that technical session.

24                        So, I've reviewed the Company's

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1 materials. And I presume you're going to ask me  
2 a few things about that upcoming.

3 Q Yes. Thank you. Can you outline for the  
4 Commission Staff's review of the filing and  
5 identify any particular issues that arose in this  
6 proceeding that may warrant further discussion  
7 for the benefit of the Commission?

8 A Gladly. I reviewed the materials submitted with  
9 Mr. White's testimony about the competitive  
10 procurement, the selection of bidders to supply  
11 service to the Company's Large and Small Customer  
12 groups. I reviewed the testimony and materials  
13 that were submitted by Ms. Menard, the schedules,  
14 including the calculation of rates, as well as  
15 reviewed the reconciliation, including the  
16 lead/lag materials.

17 In particular, I would say we did  
18 identify some questions that were raised in our  
19 discussion with the Company yesterday, regarding  
20 RPS-related costs and, in particular, some costs  
21 related to certain classes of RECs. This issue  
22 is -- the Commission has been sensitized, you  
23 might say, to this issue a little bit from a  
24 recent hearing with Liberty, in their energy

[WITNESS: Eckberg]

1 service docket we identified some similar issues  
2 there.

3 And we have focused some attention this  
4 morning, there's been a lot of questioning and  
5 answering about things on Mr. White's Bates Page  
6 024, which is Attachment FBW-4, where the Company  
7 develops its forward-looking RPS Adder for the  
8 period August 1st, 2021 through January 31st,  
9 2022. And, on this page, for example, the reader  
10 can see, several boxes up from the bottom, Mr.  
11 White has previously just talked about, the  
12 current market price, he addressed the \$38 value  
13 regarding Class I RECs, very -- and explained the  
14 source of that number very clearly. That number,  
15 just for the sake of comparison, the \$38 market  
16 price, compares to the current published ACP  
17 rate, or Alternative Compliance rate, of \$57.99.  
18 That's the corresponding ACP rate for a  
19 megawatt-hour of Class I renewable energy, we  
20 might say. So, the market price is below the ACP  
21 rate. So, that doesn't particularly cause any  
22 concern or alarm for anyone, and, in fact, we  
23 like to see that the market rate is below the ACP  
24 rate.

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1           One of the areas that did catch Staff's  
2           attention is several lines further down, the  
3           Class III RECs, the market rate that is listed  
4           here in this schedule, for the Class III RECs, is  
5           \$35.75. And the corresponding ACP rate for Class  
6           III RECs, in this time period, at least for the  
7           August through December 2021 period, is \$34.99.  
8           So, we did have some conversation yesterday about  
9           why a number was used here that was higher than  
10          the ACP rate. The ACP rate is generally, really,  
11          it should be considered as the ceiling price that  
12          a customer -- a ratepayer, should be paying for  
13          that particular class of RECs. So, we had some  
14          discussion about that.

15                 And I think that, rather than go into,  
16                 you know, a lengthy, detailed discussion, I think  
17                 that really where we ended up in our conversation  
18                 with the Company yesterday was, my understanding  
19                 of that, is that, due to the time constraints  
20                 here, this reconciliation, as well as these  
21                 forward-looking prices, this filing was made last  
22                 Thursday, and we're here in a hearing on Tuesday,  
23                 that is an extremely tight timeline for trying to  
24                 review this, particularly the reconciliation

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1 information. Some of these costs are -- there  
2 may be similar issues, I guess, regarding REC  
3 prices that maybe, possibly, are higher than the  
4 ACP rates. But, at this point in time, Staff has  
5 not been able to get the detailed information  
6 from the Company. The Company can't possibly get  
7 that together, I don't think.

8 We showed them an example of an exhibit  
9 from the Liberty hearing yesterday, and asked  
10 them to be able to provide us with additional  
11 information about the RECs that were purchased  
12 and the prices that were paid, that would give us  
13 the opportunity to ensure that the costs included  
14 in the RPS reconciliation, which is not this page  
15 of Page 24, but rather that is information which  
16 is provided on Bates Page 052 in Ms. Menard's  
17 schedules.

18 But Staff is very clear that we need to  
19 ensure that the costs that are included there,  
20 unless there's some particularly good reason,  
21 should be at or below ACP rates. We just want to  
22 make sure that customers are paying the  
23 appropriate amounts. And we are very aware that  
24 this is a changing market, and that there may be

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1 regulatory changes or there may be legal changes,  
2 statutory changes, in RPS compliance  
3 requirements, as well as ACP rates. And, so, it  
4 feels very important that we have the opportunity  
5 to be able to review the decisions, the purchase  
6 decisions, the REC purchase decisions that the  
7 Company made, with an eye on those, time those  
8 potential changes in rates and requirements in  
9 order to ensure that the total reconciliation  
10 amount that's included is appropriate.

11 So, I guess the bottom line here is  
12 that our discussions with the Company yesterday,  
13 Staff requested additional information from the  
14 Company, and the Company has agreed to work with  
15 us and provide additional detail on these REC  
16 purchases. And, for purposes of today's hearing,  
17 and for purposes of recommending to the  
18 Commission what appropriate actions that you take  
19 as a result of this hearing, Staff is  
20 recommending that the Commission approve this  
21 filing, approve the rates, and the  
22 reconciliation, with the understanding that the  
23 Company will continue to work with Staff to  
24 ensure that the RPS costs that are included are

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1 to Staff's satisfaction.

2 And we discussed the possibility that  
3 there may be disagreements about what is  
4 appropriate and what isn't appropriate. Staff  
5 agreed with the Company, we both agreed, I  
6 believe, that, if there is something that's  
7 identified that is an inappropriate expense, if  
8 Staff and the Company can agree on that, on a  
9 change, then the Company could adjust the  
10 reconciliation amount in its December Energy  
11 Service filing. And, if there was a change that  
12 needed to be made, but the Company and Staff  
13 could not agree on that, well, then, obviously,  
14 that would have to be brought to the Commission  
15 for review and adjudication.

16 So, our recommendation for today is  
17 approval of the rates as filed. With this  
18 understanding about the reconciliation of the RPS  
19 costs that are included here today.

20 Q And, to be clear, is Staff recommending approval  
21 of the current filing, with reconciliation to be  
22 conducted in the Company's next filing, in  
23 December? Or, are you recommending a  
24 reconciliation be filed before a decision has

[WITNESS: Eckberg]

1 issued in the present docket?

2 A I'm recommending that the Commission approve the  
3 current rates as filed, including the  
4 reconciliation. If there are changes that need  
5 to be made to the reconciliation, it's my  
6 understanding that the Company is willing to do  
7 that, if those are agreed-upon changes, with its  
8 December filing.

9 I'm open, trying to be realistic, and  
10 understand that there may be differences of  
11 opinion about what's appropriate and what's not  
12 appropriate. Staff may differ from the Company's  
13 perspective on a particular REC purchase, for  
14 example, for one reason or another. And, if  
15 there is a disagreement, then that would have to  
16 be presented to the Commission for the  
17 Commission's decision about what is appropriate.

18 So, there -- I guess there wouldn't  
19 necessarily need to be another adjusted  
20 reconciliation in December. That would only be  
21 necessary if there were some changes, after Staff  
22 has a more detailed opportunity to review these  
23 RPS costs.

24 We do have another separate

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1 recommendation regarding the reconciliation  
2 process for the future, for a year from now. Is  
3 that something you wish that I speak about at the  
4 moment or --

5 Q Yes. Thank you.

6 A Certainly. As another item that came up in our  
7 discussion with the Company yesterday, it's my  
8 understanding that the Company agreed in  
9 principle to file the reconciliation portion of  
10 its June Energy Service filing earlier than it  
11 currently does. Similarly, to the way Liberty  
12 does it, Liberty -- Staff and the Company have  
13 agreed that, and, in fact, the Commission has  
14 ordered Liberty to file its reconciliation  
15 portion about a month early, before the actual  
16 new Energy Service rates come in. And this gives  
17 Staff more time to review all the details  
18 included in the reconciliation, and work with the  
19 Company to make any adjustments, and gives the  
20 Company an opportunity to refile anything that  
21 needs to be changed.

22 So, it's my understanding that the  
23 Company did agree in principle to make its Energy  
24 Service reconciliation filing a little early. I

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[WITNESS: Eckberg]

1 think yesterday we spoke of approximately two  
2 weeks early. Upon further consideration, I think  
3 Staff would request that that actually be a month  
4 early, similar to the way Liberty does it.

5 We can, I guess, hear from the Company  
6 about whether they feel that that's an acceptable  
7 approach. We do understand, of course, that  
8 the -- if this change is made, that the initial  
9 filing of the reconciliation would then include  
10 three months of estimated costs and expenses for  
11 May, June, and July. As Ms. Menard spoke  
12 earlier, she pointed to her schedule, I think on  
13 Bates Page 052, where we can see two months of  
14 currently estimated expenses for June and July.  
15 So, an early filing would no doubt mean a little  
16 bit -- an extra month of estimated expenses,  
17 which could then be updated with the final Energy  
18 Service filing.

19 So, that's our second recommendation  
20 regarding the reconciliation process for the  
21 Energy Service filing.

22 Q Okay. Thank you. And, with that reconciliation  
23 process in mind, do you recommend that the  
24 Commission approve the Company's Energy Service

[WITNESS: Eckberg]

1 rates as presented today, and conclude that their  
2 approval will provide just and reasonable rates  
3 for its customers?

4 A Yes, I do.

5 Q And were there any further issues that you  
6 thought might warrant a discussion today?

7 A Let me check my notes here for one moment.

8 I think that covers everything. But  
9 feel free to prompt me more directly, if you  
10 think there's something I've overlooked?

11 Q No. I was just making sure you were --

12 A Okay.

13 Q So, does that conclude your testimony for today?

14 A Yes, it does.

15 MS. FABRIZIO: Thank you, Mr. Eckberg.  
16 Mr. Eckberg is available for questions.

17 CHAIRWOMAN MARTIN: Okay. Thank you.  
18 Ms. Chiavara?

19 MS. CHIAVARA: I have nothing for Mr.  
20 Eckberg. Thank you.

21 CHAIRWOMAN MARTIN: Okay. Commissioner  
22 Bailey.

23 COMMISSIONER BAILEY: Thank you.

24 BY COMMISSIONER BAILEY:



[WITNESS: Eckberg]

1 Q Mr. Eckberg, can you look at Bates Page 024?

2 A Yes.

3 Q In the row that has the "Current Inventory  
4 Cost-\$/REC". "Class III".

5 A Yes.

6 Q Confidential number.

7 A Yes.

8 Q And the ACP rate is \$34.99, and they actually  
9 paid that amount. Is that what this chart is  
10 saying? They paid the amount in the chart, the 1  
11 number in the chart?

12 A Yes. I believe that's what that's saying. And  
13 that I think is an example of the type of thing  
14 that we would like to investigate in more detail.  
15 For instance, I would say, if we look at the  
16 published ACP rates, which are available on the  
17 Commission's website, in 2019, the ACP for Class  
18 III RECs was \$55. That had been controlled by  
19 legislation up until the end of 2019. And then,  
20 beginning in 2020, the price dropped back down to  
21 a CPI-adjusted number from several years ago.  
22 So, the rate -- the ACP rate for 2020 is 34.54,  
23 \$34.54. So, the number that you're seeing there,  
24 that confidential number, could, for example,

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[WITNESS: Eckberg]

1 reflect a purchase that was made of RECs in a  
2 prior period and might be in the bank. But,  
3 without further detail, Staff isn't sure.

4 And that's a good example, I think, of  
5 one of the things we would like to dig into, just  
6 to ensure that ratepayers are paying appropriate  
7 amounts.

8 Q I appreciate that. Can you tell me, and this  
9 probably would have been a better question for  
10 Eversource, but you probably know, how the  
11 calculation is made for the "RPS Rate Adder" in  
12 the last box? So, Class I is "0.365" cents per  
13 kilowatt-hour?

14 A I don't -- I haven't reviewed a live spreadsheet  
15 version of this particular schedule. But I think  
16 that that -- the 0.365, for example, for Class I,  
17 is a calculation that involves the number of  
18 RECs, which appears up above, the REC Requirement  
19 for Class I, "137,701", times the \$38 per REC.  
20 And then, it's likely that it's divided by an  
21 energy sales number, which is the -- the forecast  
22 number is up near the top of the column.

23 Q I see it.

24 A So, that's my guess as to how that is calculated.

[WITNESS: Eckberg]

1 Q And that's correct. Well done.

2 A Okay. All right. Thank you. I'm glad I could  
3 pass that quiz.

4 Q It wasn't a quiz. I really appreciate it. I  
5 couldn't figure it out.

6 A Okay. All right.

7 COMMISSIONER BAILEY: All right. Thank  
8 you. That's all I have.

9 WITNESS ECKBERG: All righty.

10 CHAIRWOMAN MARTIN: Commissioner  
11 Goldner?

12 COMMISSIONER GOLDNER: I have no  
13 questions. Thank you.

14 CHAIRWOMAN MARTIN: I just have one  
15 question.

16 BY CHAIRWOMAN MARTIN:

17 Q The question that Commissioner Bailey just asked  
18 was really helpful on the -- comparing the ACP,  
19 and your answer related to the time period of  
20 purchase.

21 But what about for the box that you  
22 actually referenced, with the Class III at 35.75?  
23 If that's included in the projection, shouldn't  
24 with adjust that to the ACP now? Is there any

[WITNESS: Eckberg]

1 reason why we wouldn't?

2 A Well, one, I can certainly agree that that seems  
3 like it would be the most appropriate action to  
4 take at the moment. Why would we not want to do  
5 that? Well, it's also true that, ultimately,  
6 because of the reconciliation process, the  
7 customers only pay the actual compliance cost of  
8 the RPS in any given year.

9 So, I agree that there's a little bit  
10 of heartburn caused by seeing that number  
11 "35.75", when I know that the ACP is "34.99". I  
12 do think that, if we were to adjust it right now,  
13 the flow-through impact would be extremely small  
14 on the Energy Service rate, and even the box in  
15 the lower right-hand corner, which is the  
16 forward-looking RPS Adder amount that Mr. White's  
17 schedule calculates here, the "0.770" cents, I'm  
18 not sure, if we change that Class III number, if  
19 we would even see a change in that RPS number in  
20 the lower right-hand corner. It's quite a small  
21 change.

22 So, I would leave it to the Commission  
23 to decide what the appropriate thing to do would  
24 be there.

[WITNESS: Eckberg]

1 Q Well, and it sounds like you're saying, given the  
2 timing, that that would be the most appropriate  
3 thing to do, but, given the timing issues related  
4 to these types of filings, it may make sense to  
5 leave it and catch it in the reconciliation?

6 A Given that both the timing and the magnitude of  
7 the issue. I mean, if it was -- you know, if the  
8 Class III number showing there was \$55, compared  
9 to 34.99, I think that that would be -- that  
10 would likely to -- that a change there would  
11 likely be worthwhile, for example, because it  
12 would have a noticeable impact on that "0.770"  
13 cents in the lower right-hand corner, which is  
14 used to calculate the forward Energy Service  
15 rate.

16 But, I think, given the 35.75, compared  
17 to the 34.99, the impact is -- it's very minimal.

18 Q Okay. Thank you. And, then, I just want to make  
19 sure I understand the process you're describing.  
20 It sounds like, for the current reconciliation,  
21 you're going to go back and look at the specifics  
22 and details related to the REC purchases. And,  
23 if there is anything there that is a concern to  
24 the Staff, the Parties will work together. And,

[WITNESS: Eckberg]

1 ultimately, if there's a change that needs to be  
2 made, that will be brought back to the Commission  
3 in December. And then, the -- so, that's sort of  
4 a reconciliation to the reconciliation  
5 potentially?

6 A Yes.

7 Q And then --

8 A I think that's a good way of saying it.

9 Q Okay. And then, as far as the projection, to the  
10 extent there are issues there, that will be  
11 covered in the actual reconciliation in December.  
12 Do I have that right?

13 A Yes.

14 Q Oh, in the next reconciliation? So, that would  
15 wouldn't be in December, right?

16 A That's correct. That would be in the next  
17 reconciliation, which would be filed, originally,  
18 it would be filed in June, but we are  
19 recommending and hope and believe that the  
20 Company will agree that that would be filed  
21 approximately a month before their Energy Service  
22 filing, so perhaps around the mid-May timeframe.

23 CHAIRWOMAN MARTIN: Okay. I think I  
24 have a handle on it now.

[WITNESS: Eckberg]

1 Any further questions from  
2 Commissioners?

3 *(Commissioner Bailey and Commissioner*  
4 *Goldner indicating in the negative.)*

5 CHAIRWOMAN MARTIN: Okay.

6 Ms. Fabrizio, any redirect?

7 MS. FABRIZIO: I'm sorry. I do not  
8 have any further questions. Thank you.

9 CHAIRWOMAN MARTIN: Okay. Anything  
10 else we need to do before we wrap up?

11 *[No verbal response.]*

12 CHAIRWOMAN MARTIN: Okay. Seeing  
13 nothing. I will strike ID on Exhibits 1 and 2,  
14 and admit those as full exhibits.

15 And we will start with Staff for  
16 closing.

17 MS. FABRIZIO: A rogue mouse, sorry.  
18 Thank you.

19 Staff has reviewed the Company's filing  
20 in this proceeding and determined that the  
21 Company conducted the solicitation and selection  
22 of winning bids for default energy service in  
23 compliance with the Settlement Agreement and  
24 process approved by the Commission in Order

1           Number 26,092, in Docket 17-113.

2                         Staff believes the Company's selection  
3           of the winning suppliers is reasonable, and based  
4           on a competitive procurement. And, as a result,  
5           we think the resulting rates are just and  
6           reasonable.

7                         With respect to the Class III Renewable  
8           Energy Credits that will be removed from the  
9           current filing on a forward basis, Staff believes  
10          that the Company's plan to bank those RECs for  
11          possible future use, and to reconcile that  
12          adjustment in the Company's next Energy Service  
13          filing in December, later this year, is a  
14          reasonable approach.

15                        And, for these reasons, Staff supports  
16          the filing and recommends that the Commission  
17          approve Eversource's Petition and proposed rates  
18          in this docket.

19                        Thank you.

20                        CHAIRWOMAN MARTIN: Thank you. Ms.  
21          Chiavara.

22                        MS. CHIAVARA: Yes. And Chair Martin,  
23          if I could, I'd like to answer your question  
24          first about the basis for keeping the number of



1 bids confidential.

2 So, as far as a legal basis, I would  
3 say that Puc Rule 201.06, Section (a), Paragraph  
4 (15), it protects things like the bids  
5 themselves, bidder information, and bid  
6 evaluations. And I would argue that the number  
7 of bids goes hand-in-hand with these items, even  
8 though it's not explicitly listed. And that's  
9 due to the underlying reasoning is the same, and  
10 it's to encourage competition.

11 Because, if bidders knew the level of  
12 participation that each of our solicitations was  
13 receiving, they could get a feel for the  
14 competitive landscape, and that could influence  
15 future bidding. For example, if competition was  
16 trending downward, bidders could sort of seize on  
17 that, and that could affect their future bid  
18 prices.

19 So, that is, I guess, the legal  
20 justification and reasoning as well.

21 And then, going to the closing  
22 statement for the Company, the Energy Service  
23 rates that we've proposed here today represent  
24 the results of a fair and successful solicitation

1           that abide by all Commission requirements, and  
2           are consistent with past practices for Eversource  
3           Energy Service solicitations.

4                         Additionally, the accepted bids that  
5           these prices were derived from, as well as all  
6           bids received from this solicitation, accurately  
7           reflect current market conditions. The rates  
8           derived from the selected bids were appropriately  
9           calculated, and consistent with  
10          Commission-directed practices and requirements.

11                        For all of these reasons, the proposed  
12          rates are just and reasonable, and the Company  
13          respectfully requests that the rates be approved  
14          in a timely manner.

15                        The Company also notes that, to the  
16          extent necessary, the confidential status of the  
17          identified materials should be confirmed, so that  
18          confidentiality is properly preserved and is not  
19          in question.

20                        And then, just a couple of comments in  
21          regards to the REC purchasing throughout the  
22          compliance year. The Company would like to make  
23          a couple of considerations that are worth noting.  
24          The competitive solicitation process for RECs

1 occurs amidst market uncertainty. The Company  
2 must take into account several factors: Possible  
3 and actual legislative changes to ACP prices.  
4 For example, there was the unlikely and somewhat  
5 unexpected reduction to the ACP for compliance  
6 year 2020. This was due to the Governor's veto  
7 of the proposed ACP that would have been \$55, but  
8 reduced it, and reduced that ACP level after the  
9 Company had already purchased 2020 Class III  
10 RECs.

11 Also that are factors are regulatory  
12 adjustments to compliance purchase levels,  
13 supplier behavior, all of these are factors that  
14 require reliance on the best information that we  
15 have at the time of purchase. And, also, a  
16 properly competitive RFP process. Both of those  
17 the Company availed themselves of and utilized in  
18 compliance year 2020. While this can result in a  
19 purchase price over the ACP, this process has  
20 resulted in benefits to customers numerous times  
21 in the past.

22 And, while the purchasing process in  
23 New Hampshire is certainly worthy of further  
24 discussion, and the Company agrees with Staff

1           that the discussion is best considered separately  
2           or at a later time. Because, to the extent that  
3           it's relevant in this proceeding to set  
4           Eversource's Energy Service rate for this period,  
5           the impact is minimal, and the Company behaved in  
6           an appropriate and reasonable manner, given the  
7           competitive market, past Company practice, and  
8           Commission directives, and the proposed rate is a  
9           reflection of that, and is just and reasonable  
10          and in the public interest.

11                         Thank you.

12                         CHAIRWOMAN MARTIN: Ms. Chiavara, does  
13           the Company have a response to the proposal that  
14           we heard from Staff related to RECs, review and  
15           bringing that back to the Commission in December,  
16           if there are disagreements?

17                         MS. CHIAVARA: Was that for -- meaning  
18           in the next -- for the next Energy Service  
19           solicitation period?

20                         CHAIRWOMAN MARTIN: As I understood it,  
21           as it relates to what you have in your filing  
22           today, Staff would review that, get additional  
23           details, work with the Company to have an  
24           understanding of the prices paid, and then come

1 back to the Commission in December, if there were  
2 changes needed.

3 MS. CHIAVARA: Is it all right if I  
4 take a moment with my client?

5 CHAIRWOMAN MARTIN: Of course.

6 MS. CHIAVARA: Okay. Thank you very  
7 much.

8 CHAIRWOMAN MARTIN: Do you want to take  
9 a five-minute recess, Ms. Chiavara?

10 MS. CHIAVARA: I would appreciate that,  
11 yes.

12 CHAIRWOMAN MARTIN: Okay. We'll come  
13 back at 12:30.

14 MS. CHIAVARA: Thank you.

15 CHAIRWOMAN MARTIN: Off the record.

16 *(Recess taken at 12:23 p.m. and the*  
17 *hearing resumed at 12:30 p.m.)*

18 CHAIRWOMAN MARTIN: Back on the record.  
19 Ms. Chiavara.

20 MS. CHIAVARA: Yes. Thank you.  
21 Eversource agrees to further discussion about RPS  
22 purchase and compliance, as laid out by Mr.  
23 Eckberg in his recommendation.

24 CHAIRWOMAN MARTIN: Okay. Thank you

1 very much for that.

2 Okay. Anything else from any  
3 Commissioners?

4 *(Commissioner Bailey and Commissioner*  
5 *Goldner indicating in the negative.)*

6 CHAIRWOMAN MARTIN: All right. Seeing  
7 none.

8 We will close the record. And we are  
9 aware of the very tight timeline on this. So, we  
10 will get an order out promptly.

11 Thank you, everyone. This hearing is  
12 adjourned.

13 ***(Whereupon the hearing was adjourned***  
14 ***at 12:31 p.m.)***

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