

**THE STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

PREPARED TESTIMONY OF ERICA L. MENARD

STRANDED COST RECOVERY CHARGE RATE

RATES EFFECTIVE AUGUST 1, 2021

Docket No. DE 21-117

1 **Q. Please state your name, business address and position.**

2 A. My name is Erica L. Menard. My business address is 780 North Commercial Street,
3 Manchester, NH. I am employed by Eversource Energy Service Company as the
4 Manager of New Hampshire Revenue Requirements and in that position, I provide
5 service to Public Service Company of New Hampshire d/b/a Eversource Energy
6 (“Eversource” or the “Company”).

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

8 A. Yes.

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

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

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

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

6 **Q. Has the SCRC rate been calculated consistent with the February 1, 2021 SCRC**
7 **rates that were approved by Order No. 26,451 in Docket No. DE 20-095?**

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

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

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

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

9 Additionally, as noted above, the SCRC rate proposed to be billed to customers
10 beginning August 1, 2021 includes recovery of the following adders: (i) the RGGI rebate
11 as required by RSA 125-O:23, II and Order No. 25,664 (May 9, 2014), directing
12 Eversource to rebate RGGI auction revenue it receives through the SCRC rate; (ii) Ch.
13 340 excess Burgess PPA payments per the Docket No. DE 19-142 Settlement Agreement
14 and Order No. 26,331 (February 18, 2020); (iii) amortization of Environmental
15 Remediation costs per the Docket No. DE 19-057 Settlement Agreement (section 7.1)
16 and Order No. 26,433 at 14 (December 15, 2020), and; (iv) Net Metering Costs per the
17 Docket No. DE 20-136 Settlement Agreement and Order No. 26,450 (January 29, 2021).

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

20 A. Yes, it is. Attachment ELM-1 and Attachment ELM-2 provide rate class specific rate
21 calculations for the SCRC proposed for August 1, 2021. For this August 1, 2021 rate

1 filing, the Company does not intend to file a preliminary and then a final rate update as
2 has been done in previous SCRC rate filings. This is due to the fact that there is no
3 additional actual data to be updated and there will not be a mid-year true up letter filed on
4 July 15th to update RRB rates. The proposed August 1, 2021 average SCRC rates (Part 1
5 and Part 2 only, excluding the Ch. 340, RGGI Rebate, Environmental Remediation and
6 Net Metering adder amounts) provided in this filing are shown in the table below.

Rate Class	Current Rate (cents/kWh)	Proposed Rate (cents/kWh)
Rate R	1.103	0.656
Rate G	1.148	0.757
Rate GV	0.917	0.588
Rate LG	0.349	0.210
Rate OL/EOL	1.648	0.319

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

Rate Adder	Current Rate (cents/kWh)	Proposed Rate (cents/kWh)
Ch. 340	0.266	0.247
RGGI Rebate	(0.198)	(0.279)
Environmental Remediation	0.049	0.037
Net Metering	0.211	0.228
Total Adders	0.328	0.233

13
14 The total August 1, 2021 SCRC rates (including adders) by rate class provided in this
15 filing are included below.

Rate Class	Current Rate (cents/kwh)	Proposed Rate (cents/kwh)
R	1.431	0.889
G	1.476	0.990
GV	1.245	0.821
LG	0.677	0.443
OL/EOL	1.976	0.552

1

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

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

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

13 A. The decrease in the SCRC rates proposed for effect on August 1, 2021 as compared to the
14 current rates is due primarily to: (i) a slight increase in Part 1 Costs of \$0.8 million; (ii)
15 a decrease in Part 2 Above Market IPP and PPA costs of (\$3.8) million; (iii) a decrease in
16 other Part 2 costs of (\$12.8) million, and; (iv) an increase due to the change in prior

1 period (over)/under recovery amount of (\$1.5) million. The table below provides
2 additional detail identifying the variance from the underlying cost in the rates that were
3 approved for February 1, 2021 and this proposed August 1, 2021 rate filing.

Description	(\$000s)		
	Approved February 1, 2021 Rates	August 1, 2021 Rates	Inc/(Dec)
SCRC Part 1 and 2 Revenues	(93,589)	(74,164)	19,425
Part 1 Costs	55,972	56,737	766
Part 2 Costs:			
Amortization and Return on IPP Buydowns/Buyouts	-	-	-
Above Market Non-Wood IPPs	2,802	(286)	(3,088)
Above Market Cost of Burgess	21,568	20,766	(802)
Above Market Cost of Lempster	1,054	1,123	69
Total Above Market IPP & PPA Costs	25,424	21,604	(3,820)
Energy Service REC Revenues Transfer	(12,591)	(12,821)	(230)
REC Sales Proceeds/RPS True-up	-	(2,610)	(2,610)
ISO-NE/Other O&M	-	106	106
Residual Generation O&M	-	(6,048)	(6,048)
Seabrook Costs/Credits	-	(179)	(179)
EDIT	(5,779)	(5,885)	(106)
Generation Divestiture Costs not Securitized	12,007	12,007	-
Return	(725)	(653)	73
Total Part 2 SCRC Costs	18,337	5,521	(12,815)
1/31/21 (Over)/Under Recovery	(845)	(2,372)	(1,528)
Total Part 1 and 2 Costs plus 1/31/22 (Over)/Under Recovery	73,464	59,886	(13,577)
Revenues	(93,589)	(74,164)	19,425
Total Decrease in Costs	(20,125)	(14,278)	5,848

4

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

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

1 associated with the RECs purchased under these contracts and the transfer of revenues
2 between the SCRC and the ES rates. Page 7 provides the details regarding the return
3 calculation. Attachment ELM-2, pages 1 through 7 provide the actual detailed cost,
4 revenue and carrying charge components relating to the SCRC reconciliation for the 12
5 months ended January 31, 2021.

6 **Q. How are the August 1, 2021 SCRC Part 1 Costs calculated?**

7 A. The Part 1 SCRC actual costs are shown in Attachment ELM-2, Page 3 and actual and
8 forecasted costs are shown in Attachment ELM-1, Page 3. In the months that have been
9 estimated for this filing, the forecasted Part 1 SCRC costs are calculated using the RRB
10 rates established in the latest Routine True-up Letter dated January 6, 2021 in Docket No.
11 DE 17-096 multiplied by the forecasted sales for each rate class. Since there is a one-
12 month lag in the RRB remittance process, the forecasted sales are also reported on a one-
13 month lag on Attachment ELM-1, Page 3. These estimates represent a reasonable
14 estimate of the expected RRB charge remittances.

15 **Q. Will the RRB rates shown in the January 6, 2021 RRB True-Up letter be revised for**
16 **the August 1, 2021 SCRC rate filing?**

17 A. No. The Company will not be filing a mid-year Annual Routine True-up Letter to update
18 Part 1 costs and reflect updated RRB rates. Therefore, the RRB rates per the January 6,
19 2021 RRB True-Up letter will be applied to the kWh sales forecast used throughout the
20 SCRC rate by class to calculate the revenue required to apply to the to the Part 1 costs.

1 Variances between estimated and actual revenue received from Part 1 costs will be
2 reconciled in the February 1, 2022 SCRC filing.

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

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

- 6 1. (Lines 3 through 6): Non-Wood IPPs: All costs and market revenues associated
7 with the existing IPPs. Prior to divestiture, any benefit of below market energy or
8 capacity associated with the IPPs was included in the Energy Service rate, while
9 the above market portion was included in the SCRC. Consistent with the
10 settlement in Docket No. DE 14-238, all IPP costs and revenues, whether above
11 or below market, are included in the SCRC.
- 12 2. (Line 7) Burgess PPA: Effective April 1, 2018, the costs and market revenues
13 associated with the Burgess PPA are included in the SCRC. This line shows the
14 net cost of the Burgess PPA. Additionally, provided in Attachment ELM-1 (page
15 6) is support for the underlying forecast assumptions related to the costs and
16 revenues associated with the Burgess PPA by month.
- 17 3. (Line 8) Lempster PPA: Effective April 1, 2018, the costs and market revenues
18 associated with the Lempster PPA are included in the SCRC. This line shows the
19 net cost of the Lempster PPA. Additionally, provided in Attachment ELM-1 (page
20 6) is support for the underlying forecast assumptions related to the costs and
21 revenues associated with the Lempster PPA by month.

1 4. (Line 9) Energy Service REC Revenues Transfer: This line has been included to
2 capture the transfer of the RECs necessary to satisfy the Class I REC obligation
3 for ES customers. This is consistent with the treatment of Class I RECs described
4 in Section II.H of the November 27, 2017 settlement in Docket No. DE 17-113
5 where it states: “As to Eversource's RPS obligation relevant to Class I, the
6 Settling Parties agree that it shall be managed in a manner consistent with that
7 described on page 14 of the initial Testimony of Shuckerow, White & Goulding”.

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

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

18 5. (Line 10): REC Sales Proceeds: As Class I RECs in excess of those necessary to
19 satisfy the Energy Service Class I REC requirement are sold, the proceeds
20 associated with the sales will be included in actual data.

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

24 7. (Line 12) Residual Generation O&M: The ongoing costs and liabilities associated
25 with the divested Generation assets. These include property tax refunds, pension
26 credits, commitments associated with the hydro plants, and legal fees associated

1 with lawsuits related to the Generation assets when they were owned by
2 Eversource.

3 8. (Line 13) Seabrook Costs and Credits: charges and credits related to Seabrook
4 Power Contracts between Eversource and North Atlantic Energy Company
5 (NAEC).

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

9 10. (Line 15) Generation Divestiture Costs not Securitized: divestiture costs not
10 securitized that were subject to audit and settlement in Docket No. DE 20-005.
11 Per the settlement agreement, a one-time amount of \$12 million is to be recovered
12 over a one-year period that began in February 2021.

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

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

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

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

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

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

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

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

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

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

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

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

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

3 Per the settlement agreement, a one-time amount of \$12 million is to be recovered
4 over a one-year period that began in February 2021.

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

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

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

13 A. Yes, it is. Attachment ELM-3, page 1 provides a proposed rate calculation. The proposed
14 August 1, 2021 RGGI rebate rate provided in this filing is negative 0.279 cents/kWh and
15 is 0.081 cents/kWh lower than the current February 1, 2021 RGGI rate of negative 0.198
16 cents/kWh.

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

19 A. As described earlier, in Docket No. DE 19-142, a Joint Motion was filed related to the
20 rate recovery of costs associated with the Cumulative Reduction Factor (CRF) under the

1 PPA with Burgess BioPower. Broadly speaking, under the terms of the PPA, any
2 amounts in the CRF above \$100 million were to be deducted from the amounts paid to
3 Burgess for purchases under the PPA. At the end of operating year 6, the CRF amount
4 was \$106,976,603 or \$6,976,603 above the limit set by the PPA. That amount was
5 reduced by the Excess MWh adjustment called for in the PPA of \$1,709,925 which was
6 deducted from the amounts paid to Burgess during the first three months of operating
7 year 7 (December 2019 through February 2020). The Excess MWh adjustment is not
8 specifically associated with the Amended PPA and the Ch. 340 Adder and, therefore,
9 remains in Part 2 SCRC costs. Therefore, the \$6,976,603 was reduced to \$5,266,678
10 (\$6,976,603 - \$1,709,925) that would have been deducted from the amounts paid to
11 Burgess during operating year 7 (December 2019 through November 2020). Of that
12 amount \$4,388,898 is shown in Attachment ELM-6, line 2, for February and March 2020.

13 It was also agreed in Docket No. DE 19-142 that the forecasted over cap costs for
14 Burgess should be recovered in current rates rather than waiting until the end of the
15 operating year and recovering in the following year. The calculation of Burgess over
16 market costs per the PPA is shown in Attachments ELM-1 and ELM-2, Page 6, lines 1 to
17 6. The Burgess over market energy costs are then recovered in the Ch. 340 Adder rate as
18 shown in Attachments ELM-5 and ELM-6. Since these are forecasted costs and revenues
19 and rely on assumptions of Burgess energy output and market prices as well as forecasted
20 retail MWh sales, the Ch. 340 adder costs are reconciled in this and future SCRC rate
21 filings.

1 Under the terms of the settlement agreement in Docket No. DE 19-142, rather than being
2 deducted from the amounts paid to Burgess, the excess is recovered from customers
3 through the SCRC on an equal cents per kWh basis rather than the specified class
4 percentages. This is shown in the Ch. 340 Adder calculations in Attachment ELM-5. The
5 updated and proposed Ch. 340 Adder rate effective August 1, 2021 is 0.247 cents/kWh as
6 compared to the current Ch. 340 Adder rate of 0.266 cents/kWh. Attachment ELM-5,
7 page 1, provides a summary of the rate calculations and Attachments ELM-5 and ELM-6,
8 page 2, provide the monthly detail for the Burgess energy costs and revenues. But for the
9 impact of SB 577, this \$5,266,678 Operating Year 6 would have been refunded to
10 customers. In order to implement the equal cents-per-kilowatthour recovery
11 methodology set forth in the Docket No. DE 19-142 Settlement Agreement for this
12 amount, the \$5,266,678 was credited to customers in the SCRC calculations using the
13 2015 Settlement's SCRC rate design, then the equal cents-per-kilowatthour Ch. 340
14 Adder will be added back in for each rate category. The concurrent recovery of the over
15 market Burgess energy costs is removed from Part 2 SCRC cost and transferred for
16 recovery through the Ch. 340 Adder. The over market energy costs are calculated based
17 on the contract market rates. There is a slight difference between the over market energy
18 costs per the PPA and ISO-NE revenues. The difference remains in the Part 2 SCRC
19 costs. This is shown in Attachments ELM-1 and ELM-2, Page 6.

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

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

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

20 As noted above the Company has removed from the base Distribution revenue
21 requirement an annual amortization amount of approximately \$2.3 million based on the
22 Docket No. DE 19-057 test year-end Regulatory Asset balance. Consistent with the
23 Commission's approval of the Settlement Agreement in Order No, 26,433, Attachment
24 ELM-7, Page 2, Footnote (A) reflects the Environmental Remediation Regulatory Asset
25 balance at January 31, 2021 of approximately \$12.2 million to be recovered over four
26 years, or an annual amortization amount of approximately \$3.0 million. Attachment
27 ELM-7 reflects the proposed average Environmental Remediation Cost Adder rate of

1 0.037 cents-per-kilowatthour effective August 1, 2021 as compared to the current
2 Environmental Remediation Adder rate of 0.049 cents/kWh.

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

5 A. Per the Settlement Agreement filed on December 15, 2020 and Order No. 26,450
6 (January 29, 2021) in Docket No. DE 20-136, the Commission approved the transfer of
7 Net Metering and Group Host Cost recovery to the SCRC from ES. Attachments ELM-8
8 and ELM-9 reflect the proposed average Net Metering Cost Adder rate of 0.228 cents-
9 per-kilowatthour effective August 1, 2021, as compared to the current Net Metering Cost
10 Adder rate of 0.211 cents/kWh, consistent with the DE 20-136 Settlement Agreement and
11 Order No. 26,450.

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

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

1 On November 30, 2020 the Company and Staff discussed and reviewed the accounting
2 issues related to ADIT and whether it was appropriate to include ADIT in the calculation
3 of carrying charges as part of the Energy Service filing. The Company and Staff agreed
4 that the adjustment to exclude ADIT should be removed from the calculation of carrying
5 charges on the over or under recovery associated with the ES rate components. As part of
6 that discussion, there was also an agreement that this recommendation would carry
7 forward into the calculation of carrying charges for the SCRC and TCAM rates.
8 Accordingly, while the ADIT adjustment remains in this filing for the period ending
9 January 31, 2021, it has been removed for the period beginning February 1, 2021 going
10 forward.

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

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

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

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

11 The rate impacts provided in Attachment ELM-10 incorporate changes in the Distribution
12 rates reflecting the (i) permanent rates approved in Order No. 26,433 in Docket No. DE
13 19-057; (ii) step 1 adjustment related to Distribution Rates approved in Order No. 26,439
14 (December 23, 2020); (iii) Energy Service rate changes proposed in Docket No. DE 21-
15 077 (June 17, 2021); (iv) RRA rate proposed in Docket No. DE 21-029 (April 30, 2021);
16 (v) step 2 adjustment related to Distribution rates proposed in Docket No. DE 19-057
17 (May 3, 2021), and; (vi) SCRC rate changes proposed in this filing.

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

19 A. Yes. Updated tariff pages are provided in Attachment ELM-11.

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

3 A. Yes, Eversource would need final approval of the SCRC, Ch. 340, RGGI Rebate,
4 Environmental Remediation and Net Metering Cost rates by July 26, 2021, to implement
5 the new rates for service rendered on and after August 1, 2021.

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

7 A. Yes, it does.