STATE OF NEW HAMPSHIRE

BEFORE THE

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 23-021

DIRECT TESTIMONY OF

SCOTT R. ANDERSON

Calculation of Lost Base Revenues due to Net Metering

On behalf of Public Service Company of New Hampshire

d/b/a Eversource Energy

May 1, 2023

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I. INTRODUCTION

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

A. My name is Scott R. Anderson. I am employed by Eversource Energy Service Company as the Manager of Rates in New Hampshire. In this position, I provide support to Public Service Company of New Hampshire, d/b/a Eversource Energy ("Eversource" or the "Company"). My business address is 780 North Commercial Street, Manchester, New Hampshire.

Q. What are your principal responsibilities in this position?

A. As the Manager of Rates, I am responsible for activities related to rate design, cost of service and rates administration for the Company.

Q. Please describe your educational and professional background.

A. I received a Bachelor of Arts degree in Mathematics from Hartwick College in 1986. In September 1986, I began my utility career in Rates and Regulatory Affairs for Central

Vermont Public Service Corporation ("CVPS") and rose to the position of Manager of Rates. In 2012, CVPS merged with Green Mountain Power Corporation ("GMP") and I continued as Manager of Rates. In December 2022, I retired from GMP and assumed my current position with Eversource.

Q. Have you testified previously before the New Hampshire Public Utilities Commission or other regulatory bodies?

A. I have testified many times before the Vermont Public Utility Commission. While at CVPS, I testified before the New Hampshire Public Utilities Commission on behalf of Connecticut Valley Electric Company, a New Hampshire subsidiary utility of CVPS, several times prior to the sale of that utility to Public Service Company of New Hampshire in 2004.

II. SCOPE AND PURPOSE

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present the Company's calculation of Lost Base Revenues ("LBR") associated with net metering for 2022 so that it may be included in the Company's third Regulatory Reconciliation Adjustment ("RRA") effective August 1, 2023.

Q. Please outline the organization of your Testimony and Attachments.

A. In addition to this written testimony, I provide three attachments. Attachment SRA-1 provides a summary of the total 2022 LBR as a result of net metering. Attachment SRA-2, Exhibits A through E provide the detailed calculation of LBR for Rate R for 2022. Attachment SRA-3, Exhibits A through J provide the calculation of LBR for Rate G and GV customers for 2022.

III. LOST BASE REVENUE

Q. On what basis is Eversource requesting recovery of LBR associated with net metering for 2022?

A. Under RSA 362-A:9, VII, distribution utilities like Eversource "may perform an annual calculation to determine the net effect this section had on its default service and distribution revenues and expenses in the prior calendar year." Further, it provides that the "method of performing the calculation and applying the results, as well as a reconciliation mechanism to collect or credit any such net effects with appropriate carrying charges and credits applied, shall be determined by the commission." In Docket No. DE 19-057 the Commission approved a Settlement Agreement in the Company's distribution rate case pursuant to Order No. 26,433 (2020) (the "Settlement Agreement"). The Settlement Agreement required LBR associated with net metering to be calculated consistent with RSA 362-A:9, VII and the Commission's approved method in Order No. 26,029 (June 23, 2017) in Docket No. DE 16-576. The method approved in Docket No. DE 16-576 was a

mechanism and process approved by the Commission for Unitil in Docket No. DE 15-147, Order No. 25,991 (2017).

The parties to the Settlement Agreement in Docket No. DE 19-057, acknowledged that the Company's base distribution revenues do not include any LBR associated with net metering for installations on or after January 1, 2019. The Settlement Agreement, therefore, stated that the RRA shall recover LBR beginning as of January 1, 2019.[1]

Q. Please describe how the Company estimated the annual generation for net metering customers.

A. The annual generation associated with net metering systems was estimated using the PVWatts model provided by the National Renewable Energy Lab. We took the same approach used by the Company in its 2019, 2020 and 2021 LBR calculations. Estimating the annual generation from net metering systems is necessary since the gross output from the generation is not metered directly. The Company first took the total installed AC kW of each net metering system and multiplied that by the total hours in the year (8,760) and further multiplied by the capacity factor of 14.7% calculated in the PVWatts model. The result is the total estimated annual kWh output of each facility and is shown for Rate R

[1] The Company filed its first RRA filing in Docket No. DE 21-029 and the Commission approved in Order No. 26,503 (July 30, 2021) the recovery of LBR related to Net Metering for the years 2019 and 2020, and its second RRA filing in Docket No. DE 22-010 and the Commission approved in Order No. 26,653 (July 26, 2022) the recovery of LBR related to Net Metering for the year 2021.

customers in Exhibit A to Attachment SRA-2, and for Rate G and GV customers in Exhibit A to Attachment SRA-3.

Q. Please explain how the data output of the PVWatts model was used to calculate the monthly kWh generation of each customer's load.

A.

PVWatts calculates a monthly share of annual generation based on locating a net metering system in New Hampshire. To calculate LBR for 2022, we evaluated generation for systems installed on or after January 1, 2019, including systems that went into service at some date within 2022. For systems installed prior to 2022, the Company allocated the annual generation using the PVWatts monthly share percentages for each month. In the first month a 2022 facility went in-service, the Company pro-rated the monthly allocation based on the number of days the facility was in service that month. This first month adjustment ensures that the Company does not over-estimate the system generation in that month, particularly for systems placed into service toward the end of the month. The results for Rate R customers are provided in Exhibit B to Attachment SRA-2, and for Rate G and GV customers are provided in Exhibit B to Attachment SRA-3.

Q. Please provide an explanation of how the Company used the data to calculate the total displaced revenue for Rate R customers.

A. After the Company calculated and allocated the estimated total generation kWh produced as described above, the Company obtained the actual monthly kWh sales[2] and subtracted those amounts from the estimated monthly generation kWh. Because the Company recovers the expense associated with sales through the Stranded Cost Recovery Charge ("SCRC"), removal of those sales from the estimated generation ensures that the Company does not double recover any revenues it is seeking through LBR.

Once the resulting kWh usage displaced by generation was calculated for each customer each month, the Company multiplied that value by the distribution rate in effect for each month to determine the total LBR. Those amounts are included in Attachment SRA-2, Exhibit E.

Q. Please provide an explanation of the methodology the Company used to calculate the total displaced revenue for Rate G and GV customers.

A. Because Rates G and GV have block rates, the Company had to approach this calculation slightly different than the displaced revenues for Rate R customers. To calculate these displaced revenues, the Company first calculated the total usage the customer would have been billed absent net metering. That calculation sums the total monthly estimated generation plus the actual monthly billed amount and the result of that calculation is shown

[2] Here, "sales" refers to any surplus kWh that were delivered to the grid as recorded by a dedicated channel of the bidirectional billing meter.

in Attachment SRA-3, Exhibit I. Those usage levels were then allocated to each appropriate block to calculate the customer's total bill absent net metering. The Company then performed the same calculation based on actual purchases (Attachment SRA-3, Exhibits F and G). The difference between the total bill absent net metering and the total purchases results in the LBR amounts provided in Attachment SRA-3, Exhibit E.

V. CUSTOMER BILL IMPACTS

Q. Please describe the impacts that the proposed LBR calculation would have on a 600 kWh residential Rate R customer.

A. The Company estimates that the total LBR of $960,798, included in the RRA, compared with total LBR of approximately $578,000 under current rates, results in an estimated increase to a 600 kWh Rate R customer of $0.04 per month. The portion of the RRA related to LBR results in a rate equivalent to $0.00017 per kWh.

In addition, other changes are being included in the RRA which will affect the total rate impacts being proposed for August 1, 2023. Please see the joint testimony of Ms. Paruta and Mr. Anderson for total bill impacts of the RRA.

Q. Does this conclude your testimony?

A. Yes, it does.