

STATE OF NEW HAMPSHIRE

BEFORE THE PUBLIC UTILITIES COMMISSION

DIRECT TESTIMONY OF YI-AN CHEN AND EDWARD A. DAVIS

**UPDATED PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY
REQUEST FOR CHANGE IN STRANDED COST RECOVERY CHARGE RATE
FEBRUARY 1, 2024 THROUGH JANUARY 31, 2025**

January 8, 2024

Docket No. DE 23-091

1 **I. INTRODUCTION**

2 **Q. Ms. Chen, please state your name, business address and position.**

3 A. My name is Yi-An Chen. My business address is 780 North Commercial Street,
4 Manchester, New Hampshire. I am employed by Eversource Energy Service Company as
5 the Director of Revenue Requirements for New Hampshire and in that position, I support
6 Public Service Company of New Hampshire d/b/a Eversource Energy (“PSNH”,
7 “Eversource” or the “Company”) regarding revenue and rate-related matters.

8 **Q. Ms. Chen, please describe your educational and professional background.**

9 A. I received a Bachelor of Business Administration in International Business degree from
10 Soochow University in Taipei, Taiwan and Master’s Degree in Business Administration
11 from Clark University. I joined Eversource earlier this year, having more than 15 years of
12 prior experience with National Grid USA in various roles of increasing responsibility

1 including Regulatory and Compliance, Finance and Performance Management, Program
2 and Project Management, and Reporting and Analysis.

3 **Q. What are your responsibilities in your current position?**

4 A. I am currently responsible for the coordination and implementation of revenue requirement
5 calculations and regulatory filings for the Company, as well as the filings associated with
6 PSNH's default Energy Service ("ES"), Stranded Cost Recovery Charge ("SCRC"),
7 Transmission Cost Adjustment Mechanism ("TCAM"), System Benefits Charge ("SBC"),
8 Regulatory Reconciliation Adjustment ("RRA") mechanism, Pole Purchase Adjustment
9 Mechanism ("PPAM"), and Base Distribution Rates.

10 **Q. Ms. Chen, have you previously testified before the New Hampshire Public Utilities**
11 **Commission (the "Commission")?**

12 A. Yes, I provided testimony before the Commission in support of the Company's Lost Base
13 Revenue ("LBR") component filing of the SBC submitted in Docket No. DE 23-080, and
14 most recently in the Energy Service filing in Docket No. DE 23-043.

15 **Q. Mr. Davis, please state your name, business address and position.**

16 A. My name is Edward A. Davis. My business address is 107 Selden Street, Berlin,
17 Connecticut. My position is Director, Rates at Eversource Energy Service Company.

18 **Q. Mr. Davis, what are your responsibilities in your current position?**

19 A. In my position as Director of Rates at Eversource, I provide rate and tariff related services
20 to the operating companies of Eversource Energy, including PSNH.

1 **Q. Mr. Davis, please describe your educational and professional background.**

2 A. I hold a Bachelor of Science degree in Electrical Engineering from the University of
3 Hartford and Master of Business Administration from the University of Connecticut. I
4 joined Northeast Utilities, now Eversource Energy, in 1979, and have held various
5 positions in the areas of consumer economics, engineering and operations, wholesale and
6 retail marketing and rate design, regulation and administration.

7 **Q. Mr. Davis, have you previously testified before the Commission or other regulatory**
8 **bodies?**

9 A. Yes. I have on many occasions testified before the New Hampshire Public Utilities
10 Commission on behalf of Eversource, as well as before the state utility commissions in
11 Connecticut and Massachusetts on behalf of other Eversource Energy affiliates on rate-
12 related matters.

13 **Q. What is the purpose of your updated joint testimony?**

14 A. The purpose of this updated testimony is to propose and explain the Company's SCRC
15 adjustment for effect February 1, 2024. Our updated testimony provides an overview of
16 the adjustments to the components of the SCRC rate, including the (i) Regional
17 Greenhouse Gas Initiative ("RGGI") refund, (ii) Ch. 340 excess Burgess BioPower
18 power purchase agreement¹ ("PPA") payments, (iii) Environmental Remediation costs,
19 and (iv) Net Metering adders.

¹ PPA contract with Burgess BioPower, LLC approved in Docket No. DE 10-195, Order Nos. 25,213 (April 18, 2011) and 26,198 (December 5, 2018); Docket No. DE 19-142, Order Nos. 26,331 (January 31, 2020), 26,333

1 **Q. Have the SCRC rates been calculated consistent with the Commission’s Order No.**
2 **26,768 (January 30, 2023) in Docket No. DE 22-039?**

3 A. Yes, the updated February 1, 2024 SCRC rates have been prepared consistent with the
4 last Commission order approving SCRC rates for effect February 1, 2023.

5 **II. OVERVIEW**

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

7 A. The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F
8 and 369-B. The PSNH Restructuring Settlement, approved in Order No. 23,549, defined
9 PSNH’s stranded costs and categorized them into three different parts (i.e., Parts 1, 2, and
10 3). Part 1 costs are comprised of the Rate Reduction Bond (“RRB”) Charge, which was
11 calculated to recover the principal, net interest, and fees related to the RRBs. These original
12 RRBs were fully recovered as of May 1, 2013. As part of Eversource’s divestiture of its
13 generating facilities under the settlement in Docket No. DE 14-238, new RRBs were issued
14 in May 2018 and are included as Part 1 costs in the SCRC rate. Part 2 costs are “ongoing”
15 stranded costs consisting primarily of the over-market value of energy purchased from
16 independent power producers (“IPPs”) and the amortization of payments previously made
17 for IPP buy-downs and buy-outs as approved by the Commission. Also, as part of the
18 divestiture of Eversource’s generating facilities, Part 2 incorporates various new costs,
19 including: the costs of retained power entitlements,² unsecuritized prudently incurred

(February 18, 2020) and 26,665 (August 11, 2022); Docket No. DE 22-050, Order Nisi No. 26,705 (October 14, 2022). The PPA terminates on November 30, 2033.

² In addition to the contract with Burgess BioPower, LLC, the PPA with Lempster and N.H. Electric Cooperative (NHEC) – Lempster approved in Docket No. DE 08-077, Order No. 24,965 (May 1, 2009), terminated on November 30, 2023.

1 decommissioning costs (if any), or other residual costs or liabilities related to the
2 generating facilities. Part 3 costs, which were primarily the amortization of non-securitized
3 stranded costs, were fully recovered as of June 2006.

4 Additionally, as noted above, the SCRC rate proposed to be billed to customers beginning
5 February 1, 2024 includes recovery/refund of the following adders: (i) the RGGI refund as
6 required by RSA 125-O:23, II and Order No. 25,664, directing Eversource to refund RGGI
7 auction proceeds it receives through the SCRC rate; (ii) Ch. 340 excess Burgess PPA
8 payments per the Docket No. DE 19-142 Settlement Agreement and Order No. 26,331; (iii)
9 amortization of Environmental Remediation costs per the Docket No. DE 19-057
10 Settlement Agreement Section 7.1 and Order No. 26,433; and (iv) Net Metering Costs per
11 the Docket No. DE 20-136 Settlement Agreement and Order No. 26,450.

12 **Q. Is Eversource currently proposing a single SCRC rate with separate adders?**

13 A. Yes, it is. Attachment YC/EAD-1 and Attachment YC/EAD-2 provide updated rate class
14 specific rate calculations for the SCRC rates proposed for February 1, 2024. This updated
15 rate filing is consistent with prior SCRC filings and is necessary to reflect (i) additional
16 actual data that was unavailable (November 2023 data) at the time of the December 15,
17 2023 filing; (ii) the annual RRB Routine True-Up letter that was filed on January 8, 2024
18 in Docket No. DE 17-096 to update the RRB rates; and (iii) the RGGI Auction No. 62
19 results on December 6, 2023. The updated February 1, 2024 average SCRC rates (Part 1
20 and Part 2 only, excluding the RGGI Refund, Ch. 340, Environmental Remediation and
21 Net Metering adder amounts) provided in this filing are shown in the table below.

Rate Class	Current Rate (cents per kWh)	Proposed Rate (cents per kWh)	Change (cents per kWh)
Rate R	0.718	0.416	(0.302)
Rate G	0.734	0.419	(0.315)
Rate GV	0.606	0.335	(0.271)
Rate LG	0.228	0.133	(0.095)
Rate OL/EOL	1.024	0.644	(0.380)

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The SCRC rate adders for RGGI Refund, Ch. 340, Environmental Remediation and Net Metering are provided in Attachments YC/EAD-4, YC/EAD-5, and YC/EAD-6 (RGGI Refund); YC/EAD-7, YC/EAD-8, and YC/EAD-9 (Ch. 340); YC/EAD-10, YC/EAD-11, and YC/EAD-12 (Environmental Remediation); and YC/EAD-13, YC/EAD-14, and YC/EAD-15 (Net Metering). The updated February 1, 2024 SCRC rate adders provided in this filing are shown in the table below.

Rate Adder	Current Rate (cents per kWh)	Proposed Rate (cents per kWh)	Change (cents per kWh)
RGGI Refund	(0.362)	(0.398)	(0.036)
Ch. 340	(0.129)	0.472	0.601
Environmental Remediation	0.046	0.065	0.019
Net Metering	0.414	0.695	0.281
Total Adders	(0.031)	0.834	0.865

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The total February 1, 2024 SCRC rates (including adders) by rate class provided in this updated filing are included below.

Rate Class	Current Rate (cents per kWh)³	Proposed Rate (cents per kWh)	Change (cents per kWh)
Rate R	0.687	1.250	0.563
Rate G	0.703	1.253	0.550

³ Rates approved in Docket No. DE 22-039, Order No. 26,768 (January 30, 2023).

Rate GV	0.575	1.169	0.594
Rate LG	0.197	0.967	0.770
Rate OL/EOL	0.993	1.478	0.485

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2 **Q. Historically, there was a single average SCRC rate that was applied to all customers.**
3 **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 allocated to each rate class as follows:

Rate Class	Allocation Percentage
R	48.75
G	25.00
GV	20.00
LG	5.75
OL/EOL	0.50

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7 Applying this differing allocation by rate class means that there can no longer be a single
8 average SCRC rate for all customers. Page 1 of Attachment YC/EAD-1 provides the rate
9 class specific average SCRC rates including and excluding the RGGI Refund, Ch. 340,
10 Environmental Remediation, and Net Metering adders.

11 **Q. What are the major reasons for the increase in the total SCRC rates (including**
12 **adders) from the rates currently in effect?**

13 A. The change in the updated SCRC rates for effect on February 1, 2024, as compared to the
14 current rates, is due primarily to an increase in the Rate Adders based on the recent impact
15 of volatility in energy market prices versus what was originally forecast in the Ch. 340 and
16 Net Metering adders, resulting in projected higher under-recovery balances as of the
17 current rate year end on January 31, 2024. The increase in the Rate Adders is somewhat

1 offset by the projected net decrease in Part 1 and Part 2 costs as noted below: (i) a slight
2 increase in Part 1 costs of \$0.7 million; (ii) a decrease in Part 2 Above Market IPP and PPA
3 costs of \$(40.2) million; (iii) an increase in other Part 2 costs of \$10.4 million; and (iv) an
4 increase due to the change in prior period over-recovery, as compared to the current period
5 over-recovery, which amounts to \$8.2 million. The cumulative impact of these changes is
6 an increase in the total SCRC rates. The table below provides additional detail identifying
7 the variance from the underlying cost in the rates that were approved for February 1, 2023
8 and the proposed February 1, 2024 rate filing.

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Description Col. A	(\$000s)			
	Proposed Docket No. DE 23-091 (Forecast Rate Year Feb 2024 to Jan 2025) filed January 8, 2024 Col. B		Docket No. DE 22-039 (Forecast Rate Year Feb 2023 to Jan 2024) per Order No. 26,768, January 30, 2023 Col. C	Inc/(Dec) Col. D Col. B - Col. C
Part 1 Costs	\$ 57,924		\$ 57,259	\$ 665
Part 2 Costs:				
Above Market Non-Wood IPPs	\$ 0		\$ (526)	\$ 526
Above Market Cost of Burgess	(14,508)		26,194	(40,702)
Above Market Cost of Lempster	-		17	(17)
Above Market IPP & PPA Costs	\$ (14,508)		\$ 25,685	\$ (40,193)
Energy Service REC Revenues Transfer	(13,203)		(15,455)	2,253
REC Sales Proceeds/RPS True-up	(359)		(2,088)	1,729
ISO-NE/Other O&M	53		42	11
Residual Generation O&M	(6,205)		(10,963)	4,758
NEIL Credit	(241)		(949)	707
EDIT	(2,584)		(3,293)	709
Generation Divestiture Costs not Securitized	-		-	-
Return	89		(115)	204
Total Part 2 SCRC Costs	\$ (36,958)		\$ (7,136)	\$ (29,822)
SCRC Part 1 and 2 (Over)/Under Recovery (at January 31)	6,600		(1,563)	8,163
Total Part 1 and 2 Costs plus (Over)/Under Recovery	\$ 27,566		\$ 48,560	\$ (20,994)
SCRC Part 1 and 2 Revenues	(27,563)		(48,599)	21,036
Total Increase in SCRC Part 1 and 2 Costs	\$ 3		\$ (39)	\$ 42

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3 **Q. Please describe the detailed support for the calculation of the average SCRC rates**
4 **provided in Attachments YC/EAD-1, YC/EAD-2, and YC/EAD-3.**

1 A. Attachment YC/EAD-1, page 1, provides the calculation of the average SCRC rates for the
2 five rate classes incorporating the cost allocation for each rate class defined in the
3 settlement agreement approved in Docket No. DE 14-238 as shown above. Page 2 provides
4 a summary of the monthly forecast cost information related to the Part 1 and Part 2 costs,
5 as well as the total monthly forecasted SCRC revenues for the 12-month period from
6 February 1, 2024 to January 31, 2025. Page 3 provides the estimated rate class specific
7 RRB charges (SCRC Part 1) that were calculated using the current RRB rates established
8 for the February 1, 2023 SCRC rate filing in Docket No. DE 22-039. The RRB charges on
9 page 3 also reflect the most recent RRB rates established for the current period as filed in
10 Docket No. 17-096 and provided in Attachment YC/EAD-20. Page 4 has been provided
11 to reconcile the amount of funds that are collected through the RRB charge by its inclusion
12 in the SCRC with the amount of funds that are in the Collection and Excess Funds trust
13 accounts. It is important to note that customers are not directly paying the principal,
14 interest, and fees associated with the RRBs in the SCRC rate calculation. Instead,
15 customers are paying an RRB charge as part of the overall SCRC rate that results in
16 remittances to the RRB trust that are used to satisfy the principal, interest, and fees due
17 under the RRBs. The RRB charge is calculated to satisfy the principal, interest, and fees
18 of the RRBs using forecasted sales. Page 5 provides detailed cost information by month
19 related to the Part 2 ongoing costs, and summary information for the Burgess and Lempster
20 PPAs, as well as cost and revenues associated with the purchase of Renewable Energy
21 Certificates (“REC”) from these contracts and the transfer of Class I REC revenues

1 between the ES rate and the SCRC rate to account for the Class 1 RECs necessary to satisfy
2 the Class 1 Renewable Portfolio Standard (“RPS”) requirement for ES. Page 6 provides
3 additional details related to the Burgess and Lempster PPAs, as well as the cost associated
4 with the RECs purchased under these contracts and the transfer of the Class I REC RPS
5 obligation amount between the SCRC and the ES rates. Page 7 provides the details
6 regarding the calculation of the stipulated return. Attachments YC/EAD-2 and YC/EAD-
7 3, pages 1 through 7, provide the actual and detailed forecasted cost, revenue, and carrying
8 charge components relating to the SCRC reconciliation for the 12-month periods ending
9 January 31, 2024 (Attachment YC/EAD-2) and January 31, 2023 (Attachment YC/EAD-
10 3).

11 **III. PART 1 COMPONENT**

12 **Q. How are the February 1, 2024 SCRC Part 1 Costs calculated?**

13 A. The Part 1 SCRC actual and forecast costs for the 12-month periods ending January 31,
14 2024 and January 31, 2023 are shown in Attachments YC/EAD-2 and YC/EAD-3, Page
15 3, and forecasted costs for the 12-month period ending January 31, 2025 are shown in
16 Attachment YC/EAD-1, Page 3. In the months that have been estimated for this filing,
17 the forecasted Part 1 SCRC costs are calculated using the RRB rates established in the
18 latest Routine True-up Letters dated January 11, 2023 and January 8, 2024 in Docket No.
19 DE 17-096 multiplied by the forecasted sales for each rate class. Since there is a one-
20 month lag in the RRB remittance process, the forecasted sales are also reported on a one-

1 month lag in Attachments YC/EAD-1 and YC/EAD-2, Page 3. These estimates represent
2 a reasonable estimate of the expected RRB charge remittances.

Q. Have the RRB rates shown in Attachment YC/EAD-20 (January 8, 2024 RRB True-Up letter) been reflected in this February 1, 2024 SCRC rate filing?

3 A. Yes. The Company filed the Annual Routine True-up Letter in Docket No. DE 17-096 on
4 January 8, 2024, as shown in Attachment YC/EAD-20, to reset the RRB rates. This
5 updated filing reflects the forecast Part 1 costs based on the new RRB rates. Therefore, the
6 RRB rates set forth in Attachment YC/EAD-20 of this filing are applied to the forecast
7 kWh sales used throughout the SCRC rate by class to calculate the revenue required to
8 apply to the Part 1 costs. Variances between estimated and actual revenue received from
9 Part 1 costs will be reconciled in the February 1, 2025 SCRC filing.

10 **IV. PART 2 COMPONENT**

11 **Q. Could you please provide additional details for the Part 2 ongoing costs included on**
12 **page 5 of Attachments YC/EAD-1, YC/EAD-2, and YC/EAD-3?**

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

14 1. (Lines 1 through 11): Non-Wood IPPs: All costs and market revenues associated
15 with the existing IPPs. Prior to divestiture, any benefit of below market energy or
16 capacity associated with the IPPs was included in the Energy Service rate, while
17 the above market portion was included in the SCRC. Consistent with the settlement
18 in Docket No. DE 14-238, all IPP costs and revenues, whether above or below
19 market, now are included in the SCRC.

- 1 2. (Line 12) Burgess PPA: Effective April 1, 2018, the costs and market revenues
2 associated with the Burgess PPA are included in the SCRC. Line 12 shows the net
3 cost of the Burgess PPA. Additionally, provided in Attachments YC/EAD-1,
4 YC/EAD-2 and YC/EAD-3 (page 6) is support for the underlying actual and
5 forecast assumptions related to the costs and revenues associated with the Burgess
6 PPA by month.
- 7 3. (Line 13) Lempster PPA⁴: Effective April 1, 2018, the costs and market revenues
8 associated with the Lempster PPA are included in the SCRC, and this line shows
9 the net cost of the Lempster PPA. Additionally, provided in Attachments YC/EAD-
10 2 and YC/EAD-3 (page 6) is support for the underlying actual and forecast
11 assumptions related to the costs and revenues associated with the Lempster PPA by
12 month.
- 13 4. (Line 14) Energy Service REC Revenues Transfer: This line has been included to
14 capture the transfer of the RECs necessary to satisfy the Class I REC RPS
15 obligation for ES customers. This is consistent with the treatment of Class I RECs
16 described in Section II.H of the November 27, 2017 settlement in Docket No. DE
17 17-113, which states: “As to Eversource’s RPS obligation relevant to Class I, the
18 Settling Parties agree that it shall be managed in a manner consistent with that
19 described on page 14 of the initial Testimony of Shuckerow, White & Goulding.”

⁴ Lempster and NHEC – Lempster approved in Docket No. DE 08-077, Order No. 24,965 (May 1, 2009); contract terminated on November 30, 2023.

1 That testimony provides, with reference to the Burgess and Lempster PPAs:

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

11 5. (Line 15): REC Sales Proceeds/RPS True Up: As Class I RECs in excess of those
12 necessary to satisfy the Energy Service Class I REC requirement are sold, the
13 proceeds associated with the sales will be included in actual data, in addition to the
14 annual RPS compliance filings in the month of June and any related RPS true-up
15 related to the Class I REC transfer to ES.

16 6. (Line 16) ISO-NE/Other Costs: The costs included in this line are miscellaneous
17 ISO-NE resettlement and administrative costs and other costs, along with credits
18 that were historically included in the ES rate.

19 7. (Line 17) Residual Generation O&M: The ongoing costs and liabilities associated
20 with the divested Generation assets. These include property tax refunds, pension
21 credits, commitments associated with the hydro plants, and legal fees associated
22 with lawsuits related to the Generation assets when they were owned by
23 Eversource.

1 8. (Line 18) Nuclear Electric Insurance Limited (“NEIL”) Credits: Charges and
2 credits related to Seabrook Power Contracts between Eversource and North
3 Atlantic Energy Company (“NAEC”).

4 9. (Line 19) Excess Deferred Income Taxes (“EDIT”): At the beginning of 2018, the
5 Federal and State tax rates changed, which resulted in EDIT. That excess is being
6 refunded to customers.

7 10. (Line 20) Generation Divestiture Costs not Securitized: Divestiture costs not
8 securitized that were subject to audit and settlement in Docket No. DE 20-005. Per
9 the settlement agreement, a one-time amount of \$12 million was recovered over a
10 12-month period ending January 2022.

11 **Q. Is Eversource proposing any changes to recovery of Part 2 costs as part of this filing?**

12 A. Yes. Due to recent legislative activity (i.e., the Governor’s veto of House Bill 142 that
13 was later upheld by the House of Representatives) and in compliance with the terms of
14 the Commission- approved PPA with Berlin Station, LLC (i.e., Burgess), beginning
15 December 1, 2023, Eversource is beginning to “return” the excess cumulative reduction
16 amount over \$100 million to customers through the recoupment by payment offset
17 mechanism referenced below.

18 Currently, the excess cumulative reduction amount over \$100 million as of November 30,
19 2023 is approximately \$71 million.⁵ Per the terms of the PPA, the excess cumulative

⁵ [19-142 2023-07-14 EVERSOURCE CURRENT-ECR-AMOUNT-REPORT.PDF \(nh.gov\)](#)

1 reduction amount will be divided by 12 months (approximately \$5.9 million per month)
2 and applied against the monthly energy payments being made in accordance with the
3 PPA for monthly energy output purchased (but not less than zero), until the excess
4 cumulative reduction amount total is recovered. The energy portion due Burgess
5 monthly for Dec 2023 through Nov 2024 will be offset against the \$5.9 million (or as
6 much as is available for offset) and thereby recouped for the benefit of customers (please
7 see Attachments YC/EAD-1 and YC/EAD-2, Page 6, line 20).

8 Per the terms of the PPA, the procurement of Capacity and REC products will continue
9 and payments will be made to Burgess, as the excess cumulative reduction amount
10 calculation pertains only to the PPA's energy purchases. In addition, with the forecast
11 of ongoing plant operations, the Ch. 340 Adder monthly excess cumulative reduction
12 amount and reconciliation continues as shown in Attachments YC/EAD-7 and
13 YC/EAD-8, Page 2, line 3.

14 **V. RGGI REFUND COMPONENT**

15 **Q. Please describe the detailed support for the calculation of the RGGI Refund rate**
16 **provided in Attachments YC/EAD-4, YC/EAD-5, and YC/EAD-6.**

17 A. In Order No. 25,664 in Docket No. DE 14-048, and pursuant to RSA 125-O:23, II, the
18 Commission ordered that certain proceeds from the quarterly RGGI auctions be rebated to
19 Eversource's customers through the SCRC. Attachments YC/EAD-4, YC/EAD-5, and
20 YC/EAD-6, page 1 provide a summary of forecasted 2024 and actual/forecasted 2023 and

1 2022 information related to RGGI auctions and the amounts allocated to Eversource for
2 refund.

3 **Q. Is Eversource proposing a specific RGGI Refund rate adder at this time?**

4 A. Yes, it is. Attachment YC/EAD-4, page 1 provides a proposed rate calculation. The
5 proposed February 1, 2024 RGGI Refund rate provided in this filing is (0.398) cents/kWh
6 and is (0.036) cents/kWh higher of a benefit to customers than the current February 1, 2023
7 RGGI Refund rate of (0.362) cents/kWh.

8 **VI. CH. 340 ADDER COMPONENT**

9 **Q. Please provide additional details for the Ch. 340 Adder costs included in Attachments**
10 **YC/EAD-7, YC/EAD-8, and YC/EAD-9?**

11 A. As described earlier, in Docket No. DE 19-142, a Joint Motion was filed related to the rate
12 recovery of costs associated with the Cumulative Reduction Factor (“CRF”) under the PPA
13 with Burgess. Broadly speaking, under the terms of the PPA, any amounts in the CRF
14 above \$100 million were to be deducted from the amounts paid to Burgess for purchases
15 under the PPA. At the end of operating year 6, the CRF amount was \$106,976,603 or
16 \$6,976,603 above the limit set by the PPA. That amount was further reduced by the excess
17 MWh adjustment called for in the PPA of \$1,709,925, which was deducted from the
18 amounts paid to Burgess during the first three months of operating year 7 (December 2019
19 through February 2020) and has been fully incorporated and recovered in previous SCRC
20 rates.

1 It was also agreed in Docket No. DE 19-142 that the forecasted over cap costs for Burgess
2 should be recovered in current rates rather than waiting until the end of the operating year
3 and recovering in the following year. The calculation of Burgess over market costs per the
4 PPA is shown in Attachments YC/EAD-1, YC/EAD-2, and YC/EAD-3, Page 6, lines 1 to
5 8. The Burgess over market energy costs are shown in Attachments YC/EAD-1, YC/EAD-
6 2, and YC/EAD-3, Page 6, lines 16 to 21, and recovered in the Ch. 340 Adder rate as shown
7 in Attachments YC/EAD-7, YC/EAD-8, and YC/EAD-9. Since these are actual and
8 forecasted costs and revenues and rely on assumptions of Burgess energy output and
9 market prices as well as forecasted retail MWh sales, the Ch. 340 adder costs are reconciled
10 in this and future SCRC rate filings.

11 Under the terms of the settlement agreement in Docket No. DE 19-142, rather than being
12 deducted from the amounts paid to Burgess on a current monthly basis, the excess is
13 recovered from customers through the SCRC on an equal cents per kWh basis rather than
14 the specified class percentages. This is shown in the Ch. 340 Adder calculations in
15 Attachment YC/EAD-7. The updated and proposed Ch. 340 Adder rate effective February
16 1, 2024 is 0.472 cents/kWh as compared to the current Ch. 340 Adder rate of (0.129)
17 cents/kWh. Attachment YC/EAD-7, page 1, provides a summary of the rate calculation
18 and Attachments YC/EAD-7, YC/EAD-8, and YC/EAD-9, page 2, provide the monthly
19 detail for the Ch. 340 costs and revenues. As noted above, the increase in the Ch. 340
20 Adder rate is due primarily to the recent volatility in energy market prices versus what was
21 forecast at the time of the SCRC filing in Docket No. DE 22-039 (January 11, 2023). The

1 concurrent recovery of the over market Burgess energy costs is removed from Part 2 SCRC
2 cost and transferred for recovery through the Ch. 340 Adder. The over market energy costs
3 are calculated based on the contract market rates. There is a slight difference between the
4 over market energy costs per the PPA and ISO-NE revenues. The difference remains in
5 the Part 2 SCRC costs. This is shown in Attachments YC/EAD-1, YC/EAD-2, and
6 YC/EAD-3, Page 6.

7 **VII. ENVIRONMENTAL REMEDIATION ADDER COMPONENT**

8 **Q. Please describe the detailed support for the calculation of the Environmental**
9 **Remediation Cost Adder rate provided in Attachments YC/EAD-10, YC/EAD-11,**
10 **and YC/EAD-12.**

11 A. Per the Commission's Order No. 26,433 (December 15, 2020) approving the Settlement
12 Agreement in Docket No. DE 19-057, the Company, in compliance with Section 7.1 of the
13 Settlement Agreement, has prepared Attachment YC/EAD-10 to recover the
14 Environmental Remediation Costs through the SCRC. Section 7.1 of the Settlement
15 Agreement states the following:

16 Since the time of restructuring, PSNH has been permitted to defer
17 estimated environmental remediation/manufactured gas plant
18 ("MGP") costs primarily relating to former generation sites. The
19 Company shall be allowed to recover the environmental
20 reserve/MGP liability in the Stranded Cost Recovery Charge
21 ("SCRC") rate at equal cents per kWh across customer classes rather
22 than in distribution rates. To address the shift to the SCRC, the
23 Company has removed an annual amortization of \$2.3 million over
24 four years as of December 31, 2018 from its proposed revenue
25 requirement in this case and shall include it in the SCRC filing
26 following approval of this Settlement Agreement. The amounts to
27 be recovered in the SCRC shall be updated to reflect the actual
28 deferred balance as of the time of the SCRC filing and be amortized

1 over a four-year period. Future environmental costs shall be
2 recovered on a current basis through the SCRC.

3
4 As noted above, the Company removed from the base distribution revenue requirement an
5 annual amortization amount of approximately \$2.3 million based on the Docket No. DE
6 19-057 test year-end Regulatory Asset balance. Consistent with the Commission's
7 approval of the Settlement Agreement in Order No, 26,433, Attachment YC/EAD-10, page
8 2, footnote (A), reflects the Environmental Remediation Regulatory Asset balance as of
9 January 31, 2021 of approximately \$12.2 million to be recovered over four years, or an
10 annual amortization amount of approximately \$3.0 million. The amount will be fully
11 amortized as of January 31, 2025. Attachment YC/EAD-10, page 1, reflects the proposed
12 average Environmental Remediation Cost Adder rate of 0.065 cents/kWh effective
13 February 1, 2024, as compared to the current Environmental Remediation Adder rate of
14 0.046 cents/kWh.

15 **VIII. NET METERING ADDER COMPONENT**

16 **Q. Please describe the detailed support for the calculation of the Net Metering Adder**
17 **rate provided in Attachments YC/EAD-13, YC/EAD-14, and YC/EAD-15.**

18 A. Docket No. DE 20-136 reviewed and determined through a Settlement Agreement that the
19 SCRC is the appropriate recovery mechanism for recovery and rate treatment of net
20 metering and group host costs as shown in Attachments YC/EAD-13, YC/EAD-14, and
21 YC/EAD-15. Recovery through the SCRC was approved by the Commission in Order No.
22 26,450. As noted above, the increase in the Net Metering Adder rate is due primarily to
23 the recent volatility in energy market prices versus what was forecast at the time of the

1 SCRC filing in Docket No. DE 22-039 (January 11, 2023). Attachment YC/EAD-13
2 reflects the proposed average Net Metering Adder rate of 0.695 cents/kWh effective
3 February 1, 2024, as compared to the current Net Metering Adder rate of 0.414 cents/kWh.
4 Note that the net metering expense total shown in the attachments includes a payment in
5 the amount of \$104,073.44 made by the Company to a customer for excess energy
6 generated by the customer and exported to the distribution system. That customer was
7 automatically enrolled with a community power aggregation for a number of months and,
8 as a result, inadvertently lost, through no fault of the customer's, credits for the net exports
9 to the grid for that period of time, which is not what the customer desired and would not
10 have elected if the customer had known that would be the result of enrollment with the
11 community power aggregation. The Company provided compensation in the amount the
12 customer would have received if not automatically enrolled with the aggregation for actual
13 electric exports to the grid from the customer's eligible facility during that period of time.

14 **IX. BILL IMPACTS AND TARIFF PAGES**

15 **Q. Mr. Davis, has the Company included rate exhibits and calculations of the customer**
16 **bill impacts for the proposed February 1, 2024 SCRC rate change?**

17 **A.** Yes, this detail is provided in Attachment YC/EAD-18. Individual rate class SCRC rate
18 calculations flow from Page 3 to Page 2 and are summarized on Page 1.

- 19 • Page 1 compares the current SCRC rates (as of November 1, 2023) to the updated
20 SCRC rates proposed for effect February 1, 2024 by rate class calculated on Page

21 2.

- 1 • Page 2 applies the rate adjustment factors calculated on Page 3 to the current SCRC
2 rates (excluding the current RGGI adder) by rate class and then adds the proposed
3 RGGI adder to obtain total SCRC rates.
- 4 • Page 3 provides the calculation of the SCRC rate adjustment factors by rate class
5 for the updated proposed average SCRC rates and RGGI adders.
- 6 • Page 4 provides a comparison of residential rates proposed for effect February 1,
7 2024 to current rates (as of October 1, 2023) for a 550 kWh monthly bill, a 600
8 kWh monthly bill, and a 650 kWh monthly bill.
- 9 • Page 5 provides a comparison of residential rates proposed for effect February 1,
10 2024 to rates effective February 1, 2023 for a 550 kWh monthly bill, a 600 kWh
11 monthly bill, and a 650 kWh monthly bill.
- 12 • Page 6 provides the average impact of each change on bills for all rate classes by
13 rate component on a total bill basis, excluding Energy Service.
- 14 • Page 7 provides the average impact of each change on bills for all rate classes by
15 rate component on a total bill basis, including Energy Service.
- 16

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

18 **A. Yes. Updated tariff pages are provided as shown in Attachment YC/EAD-19.**

1 **X. ORDER NO. 26,658 COMPLIANCE⁶**

2 **Q. Has Eversource provided a reconciliation of Part 2 SCRC costs with actual costs?**

3 A. Yes, please see Attachments YC/EAD-16 (February 2023 to January 2024) and YC/EAD-
4 17 (February 2022 to January 2023) for a reconciliation of Part 2 SCRC costs.

5 **Q. The Commission's Order No. 26,768 approved the SCRC to be filed on an annual
6 basis prospectively.⁷ Has the Company complied with this directive?**

7 A. Yes, the Company has implemented the change to an annual filing as compared to prior
8 SCRC filings, as shown in Attachment YC/EAD-1, page 1, lines 6 to 8, whereby it breaks-
9 out the SCRC rate between Part 1 and Part 2 costs. Going forward for any interim RRB
10 rate change, the rate year forecast for the following February to January period, as filed in
11 December (Preliminary)/January (Update with new RRB rates) of each year, would be
12 adjusted to reflect any necessary change in Part 1 costs on line 1, and the impacts of that
13 change to lines 4, 6, 8, 10, 12, 14, and 16. The forecast costs and rates for all other SCRC
14 components would be unchanged from the December/January filings.

15 **XI. CONCLUSION**

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

⁶ Order No. 26,658 (July 28, 2022), at 6.

⁷ Order No. 26,768 (January 30, 2023), at 6-7, subject to the proviso that Part 1 RRB Charges may be subject to periodic adjustments, as appropriate, through petitions to the Commission.

1 A. Yes, Eversource requires final approval of the SCRC, RGGI Refund, Ch. 340,
2 Environmental Remediation, and Net Metering Adder rates by January 25, 2024, to
3 implement the new rates for service rendered on and after February 1, 2024.

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

5 A. Yes, it does.