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RECORD REQUESTS

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RR-001	RESERVED (Description of the methodology that the Company uses in projecting the Burgess output for the upcoming SCRC period, February 1, 2024 through the end of January 2025, et al)	118, 119
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P R O C E E D I N G

1
2 CHAIRMAN GOLDNER: Okay. Good morning,
3 everyone. I'm Chairman Goldner. I'm joined
4 today by Commissioner Simpson and Commissioner
5 Chattopadhyay.

6 This is the hearing for the Stranded
7 Cost Recovery Charge, or "SCRC", rate proposal to
8 be charged to Eversource ratepayers as of
9 February 1st. This hearing is scheduled pursuant
10 to the Order of Notice and Hearing Guidelines
11 issued by the Commission on December 22nd, 2023.
12 We are reviewing the updated Petition for the
13 SCRC filed by the Company on January 8th, 2024,
14 and supporting materials, which include treatment
15 of rate elements associated with the Burgess
16 biomass plant in Berlin, New Hampshire.

17 We see that the Company filed a
18 proposed Witness and Exhibit List on January
19 10th, which simply lists the Petition and Updated
20 Petition, and Company witnesses Ms. Chen and
21 Mr. Davis. And, so, that's what we have.

22 And we can now take appearances,
23 starting with the Company.

24 MR. WIESNER: Good morning, Mr.

1 Chairman and Commissioners. I'm David Wiesner,
2 representing Public Service Company of New
3 Hampshire, doing business as Eversource Energy.
4 Our witnesses are sitting in the box, and I will
5 introduce you to them shortly.

6 CHAIRMAN GOLDNER: Thank you. The
7 Office of the Consumer Advocate?

8 MR. KREIS: Good morning, Mr. Chairman,
9 Commissioners. I'm Donald Kreis, doing business
10 as the Consumer Advocate, representing the
11 interests of residential utility customers.

12 CHAIRMAN GOLDNER: Thank you. And the
13 New Hampshire Department of Energy?

14 MR. YOUNG: Good morning,
15 Commissioners. Matthew Young, on behalf of the
16 Department of Energy. And with me today are
17 Marie-Helene Bailinson, who is the co-counsel in
18 this docket; as well as Stephen Eckberg, who is
19 an Analyst in the Electric Division at the
20 Department.

21 CHAIRMAN GOLDNER: Very good. At this
22 point, we'll ask the parties to make brief
23 opening statements regarding the SCRC Petition by
24 Eversource at large, whether the parties have any

1 objections to the Company's proposed Exhibits 1
2 and 2, and whether any party intends to offer
3 exhibits or witnesses today, as the Company's
4 January 10th filing does not include any
5 explanatory cover letter regarding the positions
6 of the OCA and DOE to our knowledge.

7 Are there any other preliminary
8 matters, before we take opening statements?

9 *[No verbal response.]*

10 CHAIRMAN GOLDNER: Okay. Seeing none.
11 We'll take opening statements, beginning with the
12 Company.

13 MR. WIESNER: In lieu of an opening
14 statement, Mr. Chairman, I think we will ask our
15 witnesses to provide a summary of the filing.

16 CHAIRMAN GOLDNER: Okay. Very good.
17 Let me offer the opportunity then to the OCA
18 next?

19 MR. KREIS: Thank you, Mr. Chairman.

20 I expect, at the end of today's
21 hearing, that I will recommend to the Commission
22 that it approve the filing made by the Company
23 for your consideration today.

24 CHAIRMAN GOLDNER: Thank you. And the

1 New Hampshire Department of Energy?

2 MR. YOUNG: Thank you, Mr. Chairman.

3 Similarly, the Department does expect
4 to recommend approval as well.

5 And I will just mention that, I guess
6 one preliminary matter that I failed to address
7 earlier, is Mr. Eckberg is here today, and was
8 not on the Witness List, but we do not intend to
9 provide direct examination of Mr. Eckberg, but he
10 is available, if the Commissioners do have
11 specific questions for him.

12 CHAIRMAN GOLDNER: Okay. The
13 Department had issued a letter prior to the
14 status conference with Mr. Eckberg's preliminary
15 statement. Does the Department have anything to
16 add to that letter, having had now an opportunity
17 to meet with the Company and the OCA?

18 *[Atty. Young and Mr. Eckberg*
19 *conferring.]*

20 MR. YOUNG: We don't have any specifics
21 to add to that technical statement, other than
22 now, having had the chance to talk at the status
23 conference and speak to the Company, we are now
24 more well-informed in our recommendation.

1 CHAIRMAN GOLDNER: Okay. Because I
2 know there were questions relating to a number of
3 the details in Burgess, for example, relating to
4 RECs and ACP, and so forth. I assume that you're
5 planning on the Company addressing those issues,
6 and, if you have any concerns, then you'll
7 address those in cross?

8 MR. YOUNG: That's correct.

9 CHAIRMAN GOLDNER: Okay. Thank you.
10 Okay. Do you have any objections to
11 the exhibits?

12 MR. YOUNG: No objection, Mr. Chairman.

13 CHAIRMAN GOLDNER: And, Attorney Kreis,
14 just to make sure there's no objections to the
15 exhibits, I'm sure you would have mentioned it,
16 but let me check?

17 MR. KREIS: That's correct. No
18 objections.

19 CHAIRMAN GOLDNER: Thank you. Okay.
20 Very good. Let's move forward.

21 Mr. Patnaude, if you could please swear
22 in the witnesses.

23 *(Whereupon **YI-AN CHEN** and*

24 **EDWARD A. DAVIS** were duly sworn by the

[WITNESS PANEL: Chen|Davis]

1 *Court Reporter.*)

2 CHAIRMAN GOLDNER: Thank you. And
3 let's begin with Attorney Wiesner, and Eversource
4 direct.

5 **YI-AN CHEN, SWORN**

6 **EDWARD A. DAVIS, SWORN**

7 **DIRECT EXAMINATION**

8 BY MR. WIESNER:

9 Q And I'll turn first to Ms. Chen. Will you please
10 state your name and title with Eversource?

11 A (Chen) My name is Yi-An Chen. I am the Director
12 of Revenue Requirement for New Hampshire.

13 Q And what are the responsibilities of that role
14 with the Company?

15 A (Chen) I am responsible for the coordination and
16 implementation of revenue requirement
17 calculations and regulatory filings, such as the
18 Stranded Cost Recovery Charge and Energy Service
19 rates for the Company.

20 Q And have you testified before, before this
21 Commission?

22 A (Chen) Yes, I have. Most recently in Docket DE
23 23-043, regarding the Company's Energy Service
24 rate adjustments; and in the Lost Base Revenue

[WITNESS PANEL: Chen|Davis]

1 docket, DE 23-080.

2 Q And, Ms. Chen, did you file joint testimony and
3 corresponding attachments as part of the
4 Company's Initial Filing on December 15th, and
5 its Updated Filing on January 8th, which have
6 been marked as "Exhibits 1" and "2" for
7 identification, respectively?

8 A (Chen) Yes, I did.

9 Q Was that testimony and the relevant supporting
10 attachments prepared by you or at your direction?

11 A (Chen) Yes, it was.

12 Q And do you have any changes or updates to make at
13 this time?

14 A (Chen) No, I do not. But I do like to note that
15 the information presented in Exhibit 1 represents
16 estimated rates, based on information that was
17 available at the time, in December 2023. And
18 that information has now been updated with
19 Exhibit 2. Exhibit 2 reflects the Annual Rate
20 Reduction Bond True-Up letter, and the additional
21 actual data for the November 2023 month-end
22 close. And that information was not available at
23 the time of the initial December 15 filing. So,
24 the Company's specific SCRC rates and the adders

[WITNESS PANEL: Chen|Davis]

1 requested for approval are set forth in Exhibit
2 2.

3 Q Do you adopt your testimony today as it was
4 written and filed?

5 A (Chen) Yes, I do.

6 Q Thank you. I'll turn now to Mr. Davis. And
7 would you please state your name and title with
8 the Company?

9 A (Davis) Good morning. My name is Edward Davis.
10 I am the Director of Rates for Eversource Energy
11 Service Company.

12 Q And what are your responsibilities in that role?

13 A (Davis) I am responsible for rates and tariff
14 related matters, both gas and electric, for all
15 three operating companies, including Public
16 Service of New Hampshire.

17 Q And have you previously testified before this
18 Commission?

19 A (Davis) Yes, I have, on many occasions.
20 Testified before the Commission, on behalf of
21 Eversource, and in front of other state utility
22 commissions, in Connecticut and Massachusetts,
23 and other affiliates, on rate related matters.

24 Q And did you file joint testimony, together with

[WITNESS PANEL: Chen|Davis]

1 supporting attachments, as part of the Company's
2 Initial Filing on December 15th, and its Updated
3 Filing on January 8th, marked as "Exhibits 1"
4 and "2", respectively?

5 A (Davis) Yes, I did.

6 Q Was that testimony and the relevant supporting
7 attachments prepared by you or at your direction?

8 A (Davis) Yes.

9 Q And do you have any changes or updates to that
10 testimony at this time?

11 A (Davis) I do not.

12 Q And do adopt your testimony today as it was
13 written and filed?

14 A (Davis) Yes, I do.

15 Q Now, turning back to Ms. Chen, I guess I'll ask
16 that you please provide a brief summary of what
17 the Stranded Cost Recovery Charge is, an overview
18 of its structure and its various components?

19 A (Chen) Yes, of course. Eversource Stranded Cost
20 Recovery Charge, or the "SCRC", rate is a rate
21 that was established at the time of restructuring
22 to recover certain stranded costs. This is
23 Eversource's only true non-bypassable rate here
24 in New Hampshire, that is applied to all customer

[WITNESS PANEL: Chen|Davis]

1 rates, and is not avoided by net metering.

2 The base SCRC is made up of what is
3 left of Part 1 and Part 2 stranded costs. In
4 general terms, Part 1 recovers the costs
5 associated with the securitized Rate Reduction
6 Bonds that were issued in connection with the
7 Company's divestiture of its generation
8 facilities back in the 2017 to 2018 timeframe.
9 The Part 2 stranded costs recover ongoing costs
10 and benefits that primarily relate to the
11 over-market value of energy purchased from
12 independent power producers, or IPPs, as well as
13 residual generation related and ISO-New England
14 Market related costs and benefits.

15 The base Part 1 and Part 2 stranded
16 costs are allocated to customers based on --
17 based on the prescribed allocation methodology
18 and percentages that were defined back in the
19 2015 Generation Divestiture Settlement Agreement,
20 and those percentages are described in the
21 prefiled testimony.

22 There are several other components in
23 relation to Part 1 and Part 2 costs that make up
24 the total SCRC rate, and we refer to those as the

[WITNESS PANEL: Chen|Davis]

1 "rate adders". These adders consist of the RGGI
2 refund, which is to rebate customers for any RGGI
3 proceeds that were received over the dollar that
4 is allocated to the energy efficiency programs.
5 The Chapter 340 cost adder, which collects excess
6 costs related to the Burgess BioPower Power
7 Purchase Agreement over-market payments. The
8 environmental remediation costs associated with
9 our former manufactured gas plant environmental
10 remediation commitments, and also the recovery of
11 certain net energy metering credits and group
12 host costs.

13 Q Thank you for that summary. And, if I refer to
14 Exhibit 2, at Bates Pages 012 and 013, there's a
15 table at the bottom of Page 12, and carrying over
16 into 13, that shows the proposed February 1st
17 SCRC rates will result in an increase from the
18 current rates, is that correct?

19 A (Chen) That is correct.

20 Q And could you please explain the key drivers for
21 that SCRC rate increase as proposed?

22 A (Chen) Yes. The change in the SCRC rates is the
23 result of a combination of changes. The change
24 in the proposed February 1st, 2024, SCRC rates,

[WITNESS PANEL: Chen|Davis]

1 as compared to the current rates, reflects a
2 total increase of 45.3 million, which is due
3 primarily to an overall increase of 66.3 million
4 in the rate adders compared to last year.

5 Based on the recent impact of
6 volatility in energy market prices, versus what
7 was originally forecasted for the Chapter 340 and
8 net metering adders, resulting in projected
9 higher under-recovery balances as of the current
10 rate year end on January 31st. The increase in
11 rate adders of 66.3 million is somewhat offset by
12 the projected net decrease in Part 1 and Part 2
13 costs, as shown in table on Bates Page 015.

14 There is a slight increase in Part 1
15 costs of 0.7 million, a decrease in Part 2
16 above-market IPP and PPA costs are 40.2 million,
17 an increase in other Part 2 costs of 10.4
18 million, and an increase due to change in prior
19 period over-recovery, as compared to the current
20 period over-recovery, which amounts to 8.2
21 million.

22 The cumulative impact of all those
23 changes is an increase in the total SCRC rates.

24 Q Thank you. Also, has the Company considered the

[WITNESS PANEL: Chen|Davis]

1 Commission's questions raised during the status
2 conference last week, and is it prepared to
3 address those questions with the Commissioners
4 today?

5 A (Chen) Yes. We are prepared to answer those
6 questions raised by the Commissioners at the
7 status conference. And I believe it would be
8 most productive to address them during the
9 portion of the hearing when Commissioners ask
10 questions directly of the witnesses.

11 Those questions covered the current
12 operating year on the Burgess PPA, the PPA REC
13 price calculation, the timing of recoupment of
14 the full Excess Cumulative Reduction Amount, and
15 the details of how estimated and actual Burgess
16 PPA expenses flow through the Part 2 costs and
17 the Chapter 340 adder.

18 Q Thank you. I'll now turn to Mr. Davis, and
19 briefly ask what effect the proposed SCRC
20 adjustments will have on customers' bills?

21 A (Davis) Thank you. The bill impacts attributable
22 to the proposed SCRC adjustment are provided in
23 Attachment YC/EAD-18, and that would be Bates
24 Pages 086 through 089 of Exhibit 2.

[WITNESS PANEL: Chen|Davis]

1 These show a relatively small increase
2 in the SCRC on customers' total bills. For
3 example, a residential customer, with a 600
4 kilowatt-hour monthly usage, would see a 2.3
5 percent increase in their total bill, when
6 compared with current rates or rates in effect
7 October 1st, 2023, and proposed rates for effect
8 on February 1st.

9 Year over year, the same residential
10 customer usage, at 600 kilowatt-hours, the impact
11 of the SCRC change would be a 1.8 percent
12 increase in the total bill, when compared with
13 rates effective February 1st, 2023.

14 That's kind of the punchline,
15 bottom-line impacts.

16 Q Thank you. And, finally, I'll ask both
17 witnesses, does the proposed SCRC rate adjustment
18 result in rates that are just and reasonable?

19 A (Chen) Yes, it does.

20 A (Davis) Yes.

21 MR. WIESNER: That's all I have for
22 direct exam, Mr. Chairman.

23 CHAIRMAN GOLDNER: Thank you. We'll
24 move to Department of Energy cross.

[WITNESS PANEL: Chen|Davis]

1 MR. YOUNG: Thank you, Mr. Chairman.

2 So, I know the witnesses had just
3 stated that they're prepared to answer the
4 Commissioner questions from the status
5 conference, which the Department appreciates. I
6 think I will focus the cross-examination on one
7 specific question, regarding the Class I REC
8 issue and that price that came up in the status
9 conference.

10 **CROSS-EXAMINATION**

11 BY MR. YOUNG:

12 Q So, turning to Exhibit 2, Attachment YC/EAD-1,
13 Page 6 of 7.

14 CHAIRMAN GOLDNER: Can you give the
15 Bates Page, Mr. Young?

16 MR. YOUNG: Oh, I'm sorry. That is
17 Bates Page 037.

18 CHAIRMAN GOLDNER: Thank you.

19 BY MR. YOUNG:

20 Q And this will really be a two-part question, I
21 think, that also involves similar numbers on
22 Bates Page 044, both Line 13.

23 So, I think, understanding the
24 conversations that were had in the status

[WITNESS PANEL: Chen|Davis]

1 conference about the origin of these figures, I'm
2 wondering if you could just explain where these
3 numbers came from, and why the Company feels they
4 are appropriate to use?

5 A (Chen) Based on my understanding, so, at the
6 beginning of each calendar year, the Class I REC
7 price where Burgess is calculated for the current
8 price to be paid for RECs produced by the plant
9 during the upcoming calendar year, the Consumer
10 Price Index for All Urban Consumers is the source
11 of this CPI index prices.

12 Under the Burgess PPA terms, the
13 applicable ACP was fixed when the contract was
14 executed, and that ACP is the relevant one,
15 notwithstanding any subsequent legislative
16 decreases in the statutory Class I ACP rate.
17 And, as I referenced, that's actually part of the
18 Burgess PPA, Section 1.61, where it says "the
19 Renewable Products Payment shall not be less than
20 the alternative compliance payment schedule,
21 including future adjustments, set forth under New
22 Hampshire RSA 362-F:10 for RECs produced by New
23 Hampshire Class I Renewables as in effect on the
24 date hereof."

[WITNESS PANEL: Chen|Davis]

1 The monthly REC prices for the past
2 year, which is 2023, are averaged for an
3 annualized average, past year annualized average
4 is divided by the previous year's annual average,
5 which is 2022, to obtain the escalator amount.
6 This escalator amount is then multiplied by the
7 Burgess REC rate paid in the prior year, which is
8 2023. This then becomes the applicable ACP rate
9 for the current calendar year, 2024. That
10 calculated, an ACP rate is then multiplied by 75
11 percent, which we discussed at the status
12 conference, to determine the Renewable Products
13 Payment under Section 6.2.2 -- excuse me --
14 6.1.2, Part (c).

15 The current discount factor is 75
16 percent, because we are currently in the
17 Operating Year 11.

18 Q Thank you. That was a very thorough answer. I
19 think, just so maybe I understand it, or make
20 sure I understand it. So, we -- essentially, our
21 starting point is the original Class I ACP rate
22 that was, I guess, agreed to in the PPA, correct?

23 A (Chen) Yes.

24 Q And, then, the PPA also tells us to then, I guess

[WITNESS PANEL: Chen|Davis]

1 for lack of a better term, disregard any
2 statutory changes, and just use that as our
3 starting point, correct?

4 A (Chen) Correct.

5 Q And, then, -- so, we use that original price, and
6 then we adjust that or make Class I adjustments
7 based on the full CPI, correct?

8 A (Chen) Correct.

9 Q And, then, we, once we have that number, that is
10 adjusted using the 75 percent factor, or
11 depending on operating year, what other factor is
12 included in the PPA, is that correct?

13 A (Chen) That is correct.

14 MR. YOUNG: Okay. Thank you.

15 *[Atty. Young and Mr. Eckberg*
16 *conferring.]*

17 MR. YOUNG: That's all we have on
18 cross, Mr. Chairman.

19 CHAIRMAN GOLDNER: Thank you. We'll
20 turn now to the Office of the Consumer Advocate.

21 MR. KREIS: No questions for the
22 Eversource witnesses from the OCA.

23 CHAIRMAN GOLDNER: All right. Thank
24 you.

[WITNESS PANEL: Chen|Davis]

1 We'll begin Commissioner questions with
2 Commissioner Simpson.

3 CMSR. SIMPSON: Thank you, Mr.
4 Chairman.

5 BY CMSR. SIMPSON:

6 Q This one isn't a trick question, it's more just
7 out of curiosity.

8 You mentioned, and I know some of the
9 costs are related to manufactured gas sites.
10 Where did the Company have those, and what did
11 you use them for?

12 Maybe an historian in the room might
13 know the answer. Because I'm used to MGP being
14 for lighting, gas lighting, from back in the day.

15 A (Chen) How I can speak to is the ones that's
16 included in my attachments, some of the ones.

17 So, for example, there is oversight
18 I'm aware of. And, if we look at
19 Attachment YC-11 [YC/EAD-11?], Page 2. So, "May
20 2023" --

21 Q I'm there.

22 A (Chen) Okay. "May 2023 actual" actually reflects
23 the 1.8 million associated with the oversight.
24 So, that's one environmental remediation site.

[WITNESS PANEL: Chen|Davis]

1 Q Uh-huh.

2 A (Chen) Another one that I'm aware of is the
3 Nashua site. And, then, if we look at Attachment
4 YC/EAD-12, Page 2, --

5 Q Uh-huh. Yup.

6 A (Chen) -- and, in "November 2022", actually
7 reflects the actual remediation costs associated
8 with the Nashua site.

9 Q So, were those costs actually incurred in those
10 months that you referenced? Were those current
11 costs or are you amortizing prior costs, and
12 reflecting it in the schedule?

13 A (Chen) I believe -- subject to check, but I
14 believe they actually incurred. What I reference
15 is when they actually incurred, at least that's
16 when we record it on the books.

17 Q So, you did some work --

18 A (Chen) Yes.

19 Q -- in recent history for these sites to maintain
20 the remediation?

21 A (Chen) Correct.

22 Q Okay. A general question, again, not a trick
23 question, but, coming out of the status
24 conference, we asked a lot of questions. Are

[WITNESS PANEL: Chen|Davis]

1 there any major topics that you think we should
2 take away today, that you've thought about in
3 reflection from that status conference, with
4 Mr. Robinson, that you think was relevant for us
5 today?

6 A (Chen) I know there were a lot of discussions on
7 the Burgess Excess Cumulative amount.

8 Q Uh-huh.

9 A (Chen) And, if the Commission -- if the
10 Commission is interested in exploring a little
11 bit more, understanding how the mechanism
12 works, --

13 Q Uh-huh.

14 A (Chen) -- works in SCRC, I'm more than happy to
15 walk you through.

16 CMSR. SIMPSON: Okay. Thank you. I'll
17 probably turn to Attorney Wiesner with a question
18 related to that. On January 16th, we received a
19 letter from the Company that was docketed in DE
20 19-142. The letter was sent to us from Luann
21 LaMontagne, a Senior Analyst in Electric Supply.

22 Are you familiar with the letter,
23 Attorney Wiesner?

24 MR. WIESNER: I did see that letter.

[WITNESS PANEL: Chen|Davis]

1 CMSR. SIMPSON: Okay. Because the
2 figures that are provided in that letter and the
3 schedule for the accumulation of excess over the
4 CRF cap doesn't seem to align with what we have
5 in front of us in the SCRC.

6 She noted that, and I'm reading from
7 the second paragraph: "The current Excess
8 Cumulative Reduction Amount over the 100 million
9 cap for the period ending December 31st, '23, is
10 \$70,902,064.86." That figure seems to vary from
11 what we have slightly.

12 But, then, continuing on: "The
13 forecasted change in the Excess Cumulative
14 Reduction Amount over the 100 million cap through
15 June 30th, 2024, is \$59,070,751.34."

16 And she continues on, that: "Because
17 of the constraints on repayment of the CRF excess
18 in the PPA, there's a high likelihood that
19 collection of the full amount over the 100
20 million CRF cap will take significantly longer
21 than 12 months."

22 So, she then references this
23 proceeding. And I'm just looking for a means to
24 clarify my understanding. Because the -- from my

[WITNESS PANEL: Chen|Davis]

1 takeaways from the testimony and our status
2 conference was that the Company is estimating the
3 refund of 70.5 million to take roughly two and a
4 half years, using the SCRC mechanism that we're
5 discussing today. And, if I look at what Ms.
6 LaMontagne has provided in 19-142, she notes it
7 would "take significantly longer", and the
8 numbers that she's saying for reconciliation are
9 new to me.

10 And I'm happy to have the witnesses
11 weigh in, but I wanted to ask you first.

12 MR. WIESNER: Well, so, I'm not a
13 witness.

14 CMSR. SIMPSON: Understood.

15 MR. WIESNER: And our witness is
16 prepared to speak to the issue that was raised
17 last week, --

18 CMSR. SIMPSON: Uh-huh.

19 MR. WIESNER: -- about the Excess
20 Cumulative Reduction and, you know, "when it goes
21 to zero".

22 CMSR. SIMPSON: Uh-huh.

23 MR. WIESNER: So, we do have an answer
24 on that.

[WITNESS PANEL: Chen|Davis]

1 This letter that we're currently
2 looking at is the semi-annual update on the
3 amount of the Excess Cumulative Reduction,
4 coupled with an estimate for what it will be at
5 the time of the next update.

6 CMSR. SIMPSON: Okay.

7 MR. WIESNER: As best I understand it.
8 And, you know, it's important to note, and I
9 think that the witnesses will get to this as
10 well, that, you know, this is sort of a moving
11 target, because it's marked-to-market, if you
12 will, and the market is always changing. So, the
13 estimates that we provided are based on forward
14 energy market price projections.

15 And the actuals, and this is an update
16 of the actuals, are also marked to the market
17 with more current information that was included
18 in the Company's most recent filing in this
19 docket.

20 I guess I would say that, you know,
21 that it's in the nature of reconciling rate
22 mechanisms to include both estimates and actuals,
23 and you just have to go with a rate that will
24 become effective at a certain point, it is then

[WITNESS PANEL: Chen|Davis]

1 reconciled, trued up, if you will, against
2 actuals, when we are back here next year talking
3 about this.

4 CMSR. SIMPSON: Okay.

5 MR. WIESNER: That's probably all I
6 should say.

7 And I think Ms. Chen can speak to the
8 issue of the Excess Cumulative Reduction
9 recoupment mechanism, and how we anticipate that
10 will play out, now that it's no longer suspended
11 and is currently in effect.

12 BY CMSR. SIMPSON:

13 Q Okay. So, what would be helpful is to articulate
14 the balance in the Excess Cumulative Reduction
15 Amount over the year. So, the letter that we
16 just discussed says it's estimated to be "59
17 million" as of June 30th, 2024. So, roughly, 11,
18 \$12 million in four months or so.

19 Is that in line with what you expect
20 from your schedules, Ms. Chen? And take your
21 time.

22 A (Chen) Yes. I'm trying to -- so, in the data
23 request that we responded to, to PUC 1-003, that
24 reflects the letter filed in last -- in

[WITNESS PANEL: Chen|Davis]

1 July 2023. And that was used for the calculation
2 of that table for the twelve months ended
3 November 2024.

4 Q Would you be able to point me to that in your
5 Excel file? I have YC/EAD-1 through 18 open.

6 A (Chen) Oh, sorry. That's actually in the data
7 request attachment.

8 Q Okay. Just a moment.

9 A (Chen) Yes.

10 Q What page?

11 A (Chen) So, it's "Attachment PUC 1-003".

12 Q Thank you. I'm there.

13 A (Chen) Okay. So, this -- I believe your question
14 is to compare the table here, --

15 Q Yes.

16 A (Chen) -- Line 8.

17 Q Very good.

18 A (Chen) Which is at the end of June 2024.

19 Q You've articulated that nicely.

20 A (Chen) Okay.

21 Q Thank you for that.

22 A (Chen) Sure. Thank you. And, then, so, based on
23 my understanding, the number that was referenced
24 in the letter --

[WITNESS PANEL: Chen|Davis]

1 Q Uh-huh.

2 A (Chen) -- filed by -- filed on January 16, 2024,
3 the 59.1 million?

4 Q Yes.

5 A (Chen) That was based on the actual of
6 December 2023, which means, if we look at the
7 data request response, Attachment PUC 1-003, --

8 Q Uh-huh.

9 A (Chen) -- we would see the Column E, on Line 2,
10 the 3.9 million, --

11 Q Uh-huh.

12 A (Chen) -- would then change to the actual, so, as
13 the Column D. And, then -- oh, I should -- so,
14 that reflects -- well, it's actually the Column D
15 that would reflect the actual, and then Column E
16 would just be taking the lesser amount of
17 Columns C and D. So, since Column -- the actual
18 actually is less than the amortized amount in
19 Column C. So, Column E will then be the lower
20 number than originally filed, as filed in the
21 Attachment PUC 1-003.

22 Q Okay. But you have June/July '24, we're
23 somewhere between 46 and a half and 49 million as
24 the estimated balance, and Ms. LaMontagne's

[WITNESS PANEL: Chen|Davis]

1 letter has "59 million" as the balance. But
2 you're using a lower number for the amortization,
3 which seems to make sense to me. But the 10
4 million, I'm just at a loss, I don't understand
5 the delta between the two?

6 A (Chen) Sure. So, just to break down the number
7 of that difference.

8 Q Yes.

9 A (Chen) So, for December 2023, the actual energy
10 payment in Column D came to 2.3 million, opposed
11 to the estimated when we filed --

12 Q Okay.

13 A (Chen) -- On December 29th.

14 CHAIRMAN GOLDNER: If I could just jump
15 in, Commissioner Simpson?

16 CMSR. SIMPSON: Please.

17 BY CHAIRMAN GOLDNER:

18 Q That the Column D is the multiplication of the
19 output of the Burgess, times the contract price.
20 So, it looks like it was much less. Was that a
21 function of the Burgess output or of the market
22 price, or both?

23 A (Chen) It was the output, based on my
24 understanding.

[WITNESS PANEL: Chen|Davis]

1 Q So, Burgess's output was much reduced in
2 December. Do you know why? It just was?

3 A (Chen) I do not have knowledge of that.

4 Q Because that's like half of the expected output,
5 so, that's alarming.

6 A (Chen) Oh. So, we are comparing, just to
7 clarify, so, we are comparing the 3.9 to the 2.3.

8 Q 2.3.

9 CMSR. SIMPSON: Uh-huh.

10 BY CHAIRMAN GOLDNER:

11 Q So, it's 60 percent or something of the output,
12 the expected output, right?

13 A (Chen) Yes.

14 Q Times the contract price. And, I'm sorry for
15 interrupting Commissioner Simpson's questioning,
16 but just quickly, so we don't have to resume this
17 topic later, what have you seen in January? Do
18 you have an expectation that the output will
19 resume a normal level? No idea?

20 A (Chen) I do not. I do not. That is outside of
21 my area of --

22 CHAIRMAN GOLDNER: Does anyone at
23 Eversource have an idea? Has Burgess shut down?
24 Are they reducing their output? What's going on

[WITNESS PANEL: Chen|Davis]

1 at Burgess? This seems like a critical issue.

2 Attorney Wiesner, do you have any
3 insight?

4 MR. WIESNER: I don't believe we have
5 the people here who could speak to that. And
6 I'll just leave it at that.

7 CMSR. SIMPSON: So, it should --

8 MR. WIESNER: I mean, it's, like many
9 other things relative to this filing, there are
10 constantly changes. There are many dynamics in
11 play. And, you know, the focus of the Stranded
12 Cost Recovery Charge adjustment is the annual
13 adjustment to the rate to apply for a new
14 twelve-month period, subject to reconciliation
15 later. And the only thing we can be certain of
16 is that the estimates that have been made in the
17 Company's most recent filing will, you know,
18 prove to have been not fully aligned with the
19 reality that occurs. And that's the basis of the
20 true-up that will occur next year. And that can
21 be the energy output of the plant, it can be the
22 market prices, the ISO-New England LMPs, if they
23 are lower, that will also impact the actual
24 amount of the Excess Cumulative Reduction as it

[WITNESS PANEL: Chen|Davis]

1 continues to run, at the same time as the offset
2 mechanism is also in effect.

3 CHAIRMAN GOLDNER: It would just, the
4 last comment I'll make, and then I'll return to
5 Commissioner Simpson, that it would be
6 problematic if we were to approve rates based on
7 assumptions that were known to be or are clearly
8 incorrect. So, what we're facing here are
9 numbers that are 60 percent of what the Company
10 has put in front of us for the SCRC. And I
11 would -- I'm concerned that we're being asked to
12 approve rates that are very different from the
13 reality.

14 So, I'll leave it at that, and return
15 to Commissioner Simpson.

16 BY CMSR. SIMPSON:

17 Q Do any of the witnesses have a reaction that they
18 would like to share? It's a good question. I
19 see my colleague, but do you have a reaction?

20 A (Chen) I would echo what Mr. Wiesner just stated.
21 The SCRC rate we are proposing for Commission's
22 approval today is recognizing what we know at
23 this point of time. Taking into account any
24 over-/under-recovery in the prior reconciliation

[WITNESS PANEL: Chen|Davis]

1 that was approved in the prior docket, plus any
2 forecasted amount that, to the best of our
3 knowledge, as of today, to come up with this
4 rate.

5 CMSR. CHATTOPADHYAY: Thank you.

6 CMSR. SIMPSON: Of course.

7 BY CMSR. CHATTOPADHYAY:

8 Q Since we are talking about something that's
9 pretty important, you know, the production level,
10 I am interested in knowing, can you give me the
11 production levels for, let's say, the last 24
12 months from Burgess?

13 So, I just want to get a sense of, you
14 know, what the profile is. Is the 60 percent
15 just a, you know, it's a reality, because it just
16 fluctuates all around, but -- or, is there
17 something going on?

18 So, I would like to have a sense of the
19 history of the production itself? And do you
20 have it somewhere?

21 A (Chen) I do not know -- I do not have their
22 production volume, *per se*, in front of me right
23 now. But, if we look at my Attachment YC/EAD-2,
24 Page 6, --

[WITNESS PANEL: Chen|Davis]

1 Q The Bates page is?

2 CMSR. SIMPSON: She's in the Excel.

3 WITNESS CHEN: Yes.

4 CMSR. CHATTOPADHYAY: She's in the
5 Excel, sorry.

6 CMSR. SIMPSON: Tab "YC/EAD-2".

7 BY CMSR. CHATTOPADHYAY:

8 Q Let me go there.

9 A (Chen) That's Bates Page 044.

10 CMSR. SIMPSON: "YC/EAD-2P6". Many
11 tabs in this file.

12 BY CMSR. CHATTOPADHYAY:

13 Q I'm there.

14 A (Chen) So, if we -- if we look at Line 2 on that
15 page, that would give the dollar amount at
16 contract with the actuals. And, so, you can also
17 find that on Attachment YC/EAD-3, Page 6, which
18 is Bates Page number 051, on Line 2.

19 Q So, these numbers are changing based on
20 production level? I'm still not fully -- so,
21 you're talking about Line 2, regardless of which
22 worksheet you look at, --

23 A (Chen) It's based on the production level, times
24 the contracted price, which I do not have the

[WITNESS PANEL: Chen|Davis]

1 information, the detailed information.

2 Q So, you need the contract price, to then back up
3 and figure out what the production level is,
4 right? We can figure out the percentages.

5 I think I may be not following you
6 fully. What I'm saying is, let's look at
7 YC/EAD --

8 *[Court reporter interruption.]*

9 BY CMSR. CHATTOPADHYAY:

10 Q Let's look at "YC/EAD-3 P6". And, for example,
11 if you go to Cell D14, Excel Cell D14, --

12 A (Chen) Okay.

13 Q -- and that number is for March 2022?

14 A (Chen) Uh-huh.

15 Q Then, if I go to the next one, which is April,
16 that is significantly lower. All you're saying
17 is that is driven by the production level --

18 A (Chen) Times the contract price.

19 Q Correct. And, so, it's -- the change is being
20 driven by the production level, or is it also
21 being driven by the change in the price? That's
22 why I need to know both.

23 A (Chen) Yes.

24 Q If it's -- the price is also different, it would

[WITNESS PANEL: Chen|Davis]

1 be good to have that data.

2 A (Chen) Please give me a minute. I'm trying to
3 see if I can tell, because I do not -- this is --
4 this is managed by a different group.

5 Q And it might be, if it helps, it might be simply
6 about responding later, in writing, just giving
7 us the last 24 months' production level. That
8 would -- I'm very interested in knowing that now.

9 A (Chen) Sure. We can take that as a record
10 request.

11 Since we are on this page, and looking
12 at actual of February 2022, and the actual of
13 March and April 2022, just by looking at the
14 dollars, which is the Burgess production times
15 the contracted price, it's not that different
16 from the December 2023 that I just referenced.

17 Just an observation based on our
18 discussion.

19 CMSR. CHATTOPADHYAY: And, sorry, I'm
20 just --

21 CMSR. SIMPSON: Go ahead.

22 CMSR. CHATTOPADHYAY: -- just
23 prolonging this a little bit more.

24 BY CMSR. CHATTOPADHYAY:

[WITNESS PANEL: Chen|Davis]

1 Q I think the contracted price, and I haven't
2 looked at it in detail, but the question arises
3 that, is the contracted price a fixed number or
4 it changes? There's a component that also
5 changes over the months. So, that's why I'm
6 not -- I need that, you know, and, if you can
7 tell me that the contracted price is same for
8 every month, then, yes, I can -- you know, I can
9 already see that the numbers are jumping around
10 quite a bit. So, that tells me the production
11 level keeps changing, okay. But I'm not sure
12 about that, because I don't know how the contract
13 price behaves. Is it a fixed number or there are
14 elements in it that change over the months?

15 A (Chen) Understood.

16 CMSR. CHATTOPADHYAY: Okay. Yes.

17 Thank you.

18 CMSR. SIMPSON: Okay.

19 BY CMSR. SIMPSON:

20 Q So, I think, you know, we understand the Company
21 doesn't control what the plant outputs for
22 energy. And, of course, we're interested in
23 monitoring the refund of sorts that customers are
24 getting. And we want to make sure that the

[WITNESS PANEL: Chen|Davis]

1 refund flows as quickly as possible to customers,
2 and this is why we're so interested in the
3 schedule that you've developed with an estimate.
4 So, I just offer that to you, so you understand
5 our context.

6 A (Chen) Thank you.

7 Q And I see that, in your response to our data
8 request labeled "PUC 1-003", you've developed
9 what you think that estimated energy payment is.
10 And, as Attorney Wiesner noted, the only thing we
11 can be certain about an estimate is that it will
12 be wrong, and I say that respectfully. We all
13 know that. So, we just want to make sure that
14 that estimate is as vetted as possible.

15 And maybe you might speak to the
16 methodology that you employed in developing that
17 estimate for us?

18 A (Chen) And just so I am clear, Commissioner, --

19 Q In 1-003, the "Estimated Energy Payment",
20 Column D.

21 A (Chen) Sure. So, --

22 Q Is it a simple average? Is it a projection?

23 A (Chen) Based on my understanding, this is the
24 projected amount, based on the projected Burgess

[WITNESS PANEL: Chen|Davis]

1 production, times the contracted price.

2 Q Uh-huh.

3 A (Chen) That's managed by our Energy Supply group.

4 Q Do you know or can you speak to how they
5 developed that projection for energy output of
6 Burgess?

7 A (Chen) That's really outside my -- outside of my
8 expertise.

9 Q Okay. It was your Energy Supply group that
10 developed that projection?

11 A (Chen) Yes.

12 Q So, I'll make that a record request. If you can
13 reply back and give us a summary on the
14 methodology employed to develop the projected
15 Burgess output for the SCRC, February 1st, '24,
16 through January 31st, '25?

17 A (Chen) Sure.

18 CMSR. SIMPSON: Okay. I'll change
19 subjects for now. And I'll say, just up front,
20 time is clearly running out. So, with these
21 record requests, we'll at the end, I'm sure, as
22 usual, talk about a deadline, but, as soon as the
23 Company can address those, the better.

24 *[Witness Chen indicating in the*

[WITNESS PANEL: Chen|Davis]

1 *affirmative.]*

2 CMSR. SIMPSON: Thank you.

3 WITNESS CHEN: Sure.

4 BY CMSR. SIMPSON:

5 Q The Rate Reduction Bonds, can you point us to the
6 balance, estimated balance, for the RRB?

7 A (Chen) Yes.

8 Q Please. Thank you.

9 A (Chen) So, if we can go to -- so, if we go to
10 Attachment YC/EAD-1, Page 1, which is Bates Page
11 Number 032, --

12 Q Uh-huh.

13 A (Chen) -- Line 1, and -- oh, yes, Line 1, under
14 the "Total Stranded Cost", the 57.9 million, that
15 is the total costs that we are including in this
16 SCRC filing for recovery.

17 Q And what will that balance be at the end of this
18 SCRC period, January of '25?

19 A (Chen) So, if we turn to Attachment YC/EAD-1,
20 Page 4, which is Bates Page Number 035. So, the
21 forecasted ending balance as of January 31st,
22 2025, will be 34.5 million.

23 Q Down from 57.9 million?

24 A (Chen) Correct.

[WITNESS PANEL: Chen|Davis]

1 Q So, the Rate Reductions Bonds are changing by
2 \$24 million over this SCRC period?

3 A (Chen) My apologies. I think I misspoke earlier.
4 I referenced the wrong exhibit page.

5 Q No problem.

6 A (Chen) So, if we turn to Attachment YC/EAD-1,
7 Page 7 instead, which is Bates Number -- Bates
8 Page Number 038.

9 Q Okay.

10 A (Chen) So, on Line 1 here, it shows the 57.9
11 million, --

12 Q Uh-huh.

13 A (Chen) -- as the total. And we actually have the
14 ending balance calculation, combined with Part 2
15 SCRC costs. So, the combined Part 1 and Part 2
16 SCRC costs, with the forecasted costs and the
17 forecasted revenue, the ending balance, with the
18 carrying charge, is showing the over-recovery --
19 oh, sorry, under-recovery of 1.6 million at the
20 end of January 2025, that's on Line 11.

21 Q Okay. So, I'm just looking for the balance at
22 the end of the period. So, if we start
23 February 1st, it's 57.9 million. What's it going
24 to be January 31st of '25, per your estimate?

[WITNESS PANEL: Chen|Davis]

1 A (Chen) I do not think I have that handy. Can I
2 take a record request?

3 Q Sure. And I'm sure we'll take a break. Maybe
4 that's one you might be able to address at break.
5 If not, we can do that as a record request.

6 A (Chen) Thank you.

7 Q Okay. Let's talk about net metering please. So,
8 excuse me, I'm looking at Exhibit 2, Bates
9 Page 004.

10 So, the "Net Metering" Rate Adder,
11 current rate of "0.414", this is in the second
12 table on Bates Page 004 of Exhibit 2?

13 A (Chen) Yes. I'm there.

14 Q So, the current Net Metering rate of "0.414",
15 proposed rate of "0.695". Can you speak to the
16 factors driving that increase?

17 A (Chen) Yes. So, the driver of that rate increase
18 for net metering is the wholesale market prices
19 resulted in higher Default Service rates. And,
20 then, the compensation structure for net-metered
21 customers' net exports includes credit of 100
22 percent of the Default Service rate. To my
23 understanding, there's also an increase in the
24 number of customer-generators who were net

[WITNESS PANEL: Chen|Davis]

1 metering on the Company's system during this
2 period.

3 Q Do you know if part of that is positive
4 reconciliation from the prior year?

5 A (Chen) Yes. So, if I compare this, my
6 attachment, to what was filed in Docket DE
7 22-039, so, I'm seeing the prior period ending
8 balance on January 31st, 2023, with the
9 under-recovery of 6 million. So, that's also a
10 contributing factor.

11 Q And, for Default Service prices forecasted as
12 related to net metering compensation for this
13 SCRC period in front of us, can you speak to what
14 your forecasting for a per megawatt-hour/per
15 kilowatt-hour rate?

16 A (Chen) That would be in the Default Service ES
17 docket that was approved effective February 1st,
18 2024.

19 Q Right. But what would you be using for the
20 second period? You'd have to make a forecast for
21 what you think the Default Service price is going
22 to be in the second half of this year?

23 A (Chen) For net metering?

24 Q Well, yes.

[WITNESS PANEL: Chen|Davis]

1 A (Chen) For a default?

2 Q Well, whatever your Default Service price you
3 believe it would be for the next period, which
4 hasn't happened yet?

5 Just gives me a little insight into
6 what you think Default Service rates are going to
7 be.

8 A (Davis) I don't know that we have that projection
9 or forecast, *per se*.

10 Q Or, I guess I should ask, what did you use then?

11 A (Davis) Yes.

12 Q What price did you use?

13 A (Davis) I know -- we know the prices are down
14 today, versus a year ago. And --

15 Q Are you using the same rate as for winter? Are
16 you using the rate from last year? Just curious.

17 A (Davis) The second half, beginning August?

18 Q Correct.

19 CHAIRMAN GOLDNER: Let's do this.
20 Let's take a ten-minute break. Commissioner
21 Simpson has asked some questions, it would allow
22 the Company a chance to sort of follow up on.
23 And we'll return at 10:20.

24 CMSR. SIMPSON: Can I give them

[WITNESS PANEL: Chen|Davis]

1 headlights into --

2 CHAIRMAN GOLDNER: Please do.

3 CMSR. SIMPSON: So, we were just
4 talking "Default". I was going to ask about the
5 other three rate components -- or, the other two
6 rate components for net metering. So, the
7 transmission and distribution charges, are you
8 just using your fixed? I presume you would be
9 using your approved distribution rate. But,
10 then, also, for the transmission component, what
11 rate are you using? And how did you forecast
12 those two moving target rates?

13 *[Witness Davis indicating in the*
14 *affirmative.]*

15 CMSR. SIMPSON: Thank you.

16 WITNESS DAVIS: Thank you.

17 CHAIRMAN GOLDNER: Thank you. Let's
18 take a quick break, and return at 10:25, 10:25.

19 *(Recess taken at 10:12 a.m., and the*
20 *hearing reconvened at 10:30 a.m.)*

21 CHAIRMAN GOLDNER: Okay. I think I'll
22 just sort of recap the plan for the day. So,
23 we're out of time at noon. The Commissioners, I
24 think, have a number of questions. And it's our

[WITNESS PANEL: Chen|Davis]

1 belief that there will be some "hanging chads"
2 going into the timing of the order for
3 Eversource.

4 So, our plan is to issue a provisional
5 order that allows these rates to go forward. And
6 we'll have a follow-up hearings relative to the
7 remaining details.

8 So, in the spirit of using our time
9 wisely, we'll continue to ask questions of the
10 witnesses, get as far as we can today, and then
11 have a continued hearing sometime in the next
12 60 days to finish up.

13 Attorney Wiesner.

14 MR. WIESNER: And I was just going to
15 say, Mr. Chairman, that I am confident that we
16 could turn around any revenue -- excuse me --
17 record requests that are outstanding at the end
18 of the hearing shortly, and provide that
19 additional information to the Commission.

20 I also will reiterate that, you know,
21 this rate is a bundle of estimates and actuals.
22 And the actuals we know; the estimates we don't.
23 The estimates that are made, I believe, and we
24 can get into that somewhat with further

[WITNESS PANEL: Chen|Davis]

1 questioning, I believe, are based on historical
2 experience and reasonable projections going
3 forward.

4 As Commissioner Simpson noted, the only
5 thing we're sure of is that they will be wrong.
6 And, if they were updated today, they'd still be
7 wrong, and they'd probably be wrong on
8 February 2nd. So, it's a moving target.

9 But we have to set a rate, and then
10 that rate runs, and the revenues, costs, expenses
11 will be reconciled when we're back here next year
12 having the same conversation.

13 CHAIRMAN GOLDNER: I think the issue
14 that we're having is that Burgess is dynamic, and
15 things, I'm sure, are changing more maybe than
16 any of us know. But, from a Commission
17 perspective, we need to be comfortable with the
18 forecast. If we have a reconciliation next year,
19 and it's -- we're \$50 million off, and the
20 ratepayers are churning through huge swings, I
21 don't think we would be doing anyone a service by
22 approving such a rate.

23 So, our interest here is in taking into
24 account, in this Burgess situation, which is

[WITNESS PANEL: Chen|Davis]

1 probably a little bit unique, and making sure
2 that we have at least a "best effort", in terms
3 of the appropriate rate, so we don't have wild
4 swings with respect to that particular issue.

5 On the rest of it, I don't know that we
6 have any large concerns.

7 MR. WIESNER: And I guess I'll just
8 jump in again. And I will say that, as was noted
9 previously, many of the key variables that will
10 affect the actuals versus the estimates are
11 beyond the Company's control. What is the
12 production of the plant we don't own or operate?
13 What is the -- you know, what will happen in
14 market prices? No one knows.

15 And, you know, there are similar
16 unknowns that drive the Net Metering adder. And,
17 as you see, those are the two, you know, big
18 adders that are related to market and related to
19 production of third party generation, whether,
20 you know, something the size of Burgess or the
21 size of someone's rooftop solar.

22 CHAIRMAN GOLDNER: Okay. Thank you,
23 Attorney Wiesner.

24 We'll resume now with Commissioner

[WITNESS PANEL: Chen|Davis]

1 Simpson's questions.

2 CMSR. SIMPSON: Thank you. And that's
3 understood. We're mindful of that. We're just
4 trying to understand the methodologies employed
5 to develop the rates. With a keen eye towards
6 the Burgess piece, recognizing you don't own the
7 plant, you don't have control over what their
8 output is. We're just looking at the benefit to
9 ratepayers of the refund, and hoping to structure
10 a process where they enjoy that benefit as soon
11 as possible.

12 So, I'll turn to the witnesses.

13 BY CMSR. SIMPSON:

14 Q Are there any updates that you'd like to offer us
15 following the break?

16 A (Davis) Yes. So, we're going to tag-team a
17 little here.

18 Q Great.

19 A (Davis) But Ms. Chen is going to start.

20 Q We're used to that, too.

21 A (Chen) So, I'd just like to clarify, on the Rate
22 Reduction Bond discussion earlier. So, the 57
23 million is really the rate -- like, the Rate
24 Reduction Bond remittance, which means it's the

[WITNESS PANEL: Chen|Davis]

1 revenue requirement in this period to satisfy the
2 Rate Reduction Bond Trust to be able to pay out
3 under that Trust. And, to my knowledge, the Rate
4 Reduction Bond balance is currently at 400
5 million.

6 Q Okay.

7 A (Chen) Which is outside of my schedules here.

8 Q So, that 57 is the revenue requirement for the
9 year?

10 A (Chen) Correct.

11 Q Okay. And, so, I'll -- so, the balance is around
12 400 million. Do you know that balance as of
13 today, and do you have a projection on what it
14 will be at the end of the period, after that 57
15 million revenue requirement is implemented in
16 rates?

17 A (Chen) So, the -- that is the 400 million, that's
18 the latest information the Company has --

19 Q Okay.

20 A (Chen) -- on the balance.

21 Q Uh-huh.

22 A (Chen) And the bond is set to expire February
23 2030 -- February of 2033. So, that would be when
24 that would go to zero.

[WITNESS PANEL: Chen|Davis]

1 Q So, nine more years of stranded costs with
2 respect to the Rate Reduction Bonds,
3 approximately?

4 A (Chen) Correct.

5 Q Okay. We talked about the RECs at the status
6 conference, and the price. And I think we got
7 some clarity from Attorney Young on the value
8 that was used in the contract of the applicable
9 RECs at the time the contract was executed, and
10 then the reduction factor applied to those.

11 Does this plant effectively set the
12 price of this REC class?

13 It may not be a question for you, may
14 be better answered by the Department of Energy.
15 It just struck us that the REC payment value
16 associated for this SCRC period matches the
17 current applicable class REC price, despite the
18 reduction per the contract. That, at the time
19 the contract was executed, seems like the REC
20 price was approximately \$80 for this class.
21 That's what we're using, per our understanding,
22 within the contract for what's paid to Burgess
23 for their REC production. The contract has a
24 factor, reduction factor, as the contract years

[WITNESS PANEL: Chen|Davis]

1 advance. And it seems as if, when that factor
2 was applied, that the payment to purchase equaled
3 the ACP for that REC class.

4 So, my question being, are they
5 effectively price-setting this class?

6 And, first, I'll turn to the witnesses.
7 Do you have any insight into that? And it's okay
8 if you don't.

9 A (Chen) I just wanted to make sure. So, is the
10 question comparing the Alternative Compliance
11 Payment per statute, versus the Class I REC price
12 that's included in this filing?

13 Q Yes. And, if you could direct me to a schedule
14 where the REC prices are prominent, that would be
15 helpful?

16 A (Chen) So, the REC -- the class REC price that we
17 utilized in developing this filing is on
18 Attachment YC/EAD-1, Page 6, which is Bates Page
19 Number 037, Line 13.

20 CMSR. SIMPSON: Thank you. That's
21 helpful.

22 I guess I'd just turn to the DOE, if
23 you have any comment on that, or if you need
24 clarification, Attorney Young, on that question?

[WITNESS PANEL: Chen|Davis]

1 MR. YOUNG: So, I think I would answer
2 that with a question. Would the Commission
3 prefer to direct these directly to Mr. Eckberg,
4 to have him respond under oath?

5 CMSR. SIMPSON: I'm amenable to either
6 approach. If you can speak to it, that's fine.
7 Or, we can, if Mr. Eckberg would take the stand
8 afterwards, if that's a better way to do it?

9 Okay. Let's do that afterward. I'll
10 move on.

11 WITNESS CHEN: Can we also --

12 BY CMSR. SIMPSON:

13 Q Go ahead, Ms. Chen.

14 A (Chen) Can we also clarify the net metering
15 discussions earlier?

16 Q Please.

17 A (Davis) That was the tag-team part.

18 Q I wouldn't want to leave you out.

19 A (Davis) So, I want to provide a little insight.
20 And this is a little bit more conceptual, but it
21 ties directly to what we did.

22 When we projected, and I think we were
23 referring to the Net Metering Adder for the SCRC
24 here, the change in the price, and what is that

[WITNESS PANEL: Chen|Davis]

1 based on. There's not a bottoms-up forecast,
2 like prices times volumes kind of effect. But
3 what we did for this, this projection of net
4 metering costs that we expect, obviously, the
5 actuals will come in and we'll true up against
6 those. But what we do is we take an average
7 monthly net metering expense, if I can say it
8 that way, and that's built up of the portfolio of
9 the different types of net metering, and the
10 intrinsic prices. So, the larger net metering
11 facilities will have only Default Service
12 applied, like, actually, I'll get the amount
13 that's produced as an expense each month. And
14 the smaller ones will have some combination of an
15 energy supply, transmission, distribution,
16 whatever builds up that pricing.

17 Q Yes.

18 A (Davis) So, the prevailing prices that were
19 reflected in the actual power purchase expense in
20 2023 are what drives that total expense. So,
21 their actual production in a given month, times
22 the underlying prices that go with it.

23 And what we did, and I commented
24 earlier that, obviously, we've seen changes in

[WITNESS PANEL: Chen|Davis]

1 Default Service, and you were asking the
2 headlight into "what about T&D?"

3 Q Yes.

4 A (Davis) We don't have a forecast of prices, times
5 a forecast of the volumes, *per se*. What we did
6 is we took, my understanding is, the last quarter
7 of 2023, and got produced -- prepared a monthly
8 average expense that, in other words, --

9 Q Uh-huh.

10 A (Davis) -- the production is all, you know, it
11 varies by month, it varies by type of unit, by
12 customer even, and the prevailing prices are part
13 of that. And, so, those three months of the
14 expense, we have an average monthly expense, and
15 we're simply extrapolating that, and assuming,
16 for forecast purposes, that's our monthly expense
17 in the current -- in the proposed SCRC. And, as
18 I said a moment ago, that will then be trued up.

19 Q Uh-huh.

20 A (Davis) So, we have intrinsic pricing, not a
21 forecast, *per se*, and sort of a representative
22 level of sales or production that those prices
23 would apply to, to generate our power purchase
24 expense, you know, the 5.55 [sic] power purchase

[WITNESS PANEL: Chen|Davis]

1 expense.

2 So, it's kind of that sample. It's --
3 as opposed to a very detailed sort of bottoms-up
4 set of forecasts of all the pricing, and what the
5 production might be in a given month, you know,
6 by type of unit, by customer, and by class. So,
7 that's kind of the bottom line.

8 I don't know if that helps, but it
9 gives a different context. And, then, my
10 understanding is we then just have a set amount
11 each month, based on that average, from the more,
12 you know, recent period. And we will actually
13 true that up. And, yes, we are seeing changes in
14 pricing throughout the year, --

15 Q Yes.

16 A (Davis) -- changes in actual production and power
17 purchase expense. And there is a growing number
18 of net metering facilities. And, therefore, I
19 would expect a growing amount of output, and,
20 therefore, sort of the expense that goes with it.

21 But it's just -- I would characterize
22 it as kind of impossible to forecast that with
23 any reasonable, you know, we don't know -- we
24 don't know Default Service second half of the

[WITNESS PANEL: Chen|Davis]

1 year, and things like that. There's a whole
2 bunch of factors in there.

3 Q Yes. Okay.

4 A (Davis) So, if that helps?

5 Q Yes, that's helpful.

6 A (Davis) Yes.

7 Q And we know that the actuals will be different.
8 We're just trying to understand the methodologies
9 that the Company employed in developing these
10 estimates.

11 A (Davis) Yes.

12 Q So that we have a grasp on the future, to the
13 best of our ability.

14 A (Davis) Yes. I mean, there's pros and cons on
15 different approaches. But, you know, we think
16 it's a reasonable process, and, obviously, one
17 that we've been using.

18 Q Yes.

19 A (Davis) And, then, the process then allows for a
20 true-up. And the consideration, just to, if you
21 want to think about it is, does that -- what does
22 that last quarter of 2023 represent? Well, it's
23 more current. You know, we had an increase in
24 the number of units. It's sort of a blend of

[WITNESS PANEL: Chen|Davis]

1 longer and shorter days for things like solar
2 production. It has more recent pricing, and
3 prices have come down, particularly for the
4 energy supply, versus, you know, earlier in the
5 year.

6 So, on balance, it strikes a different
7 balance that is our most recent available data,
8 and a reasonable, in our opinion, a reasonable
9 projection of what the costs might be, subject to
10 true-up.

11 CMSR. SIMPSON: Okay. Thank you for
12 that. And I think I'm going to leave it there.

13 WITNESS DAVIS: Yes.

14 CMSR. SIMPSON: I'm glad that my
15 colleagues jumped in earlier, to some extent,
16 because I took a lot of time, and I know we all
17 have a lot of questions.

18 So, I'm going to leave it there for
19 now, and defer to the Chairman and Dr. Pradip
20 Chattopadhyay. Thank you.

21 CHAIRMAN GOLDNER: Okay. Thank you,
22 Commissioner Simpson.

23 We'll turn now to Commissioner
24 Chattopadhyay.

[WITNESS PANEL: Chen|Davis]

1 CMSR. CHATTOPADHYAY: I'll try to keep
2 it short.

3 BY CMSR. CHATTOPADHYAY:

4 Q Can you tell me, as far as the Burgess production
5 is concerned, how much that production is
6 relative to the total PSNH load? A rough number
7 would be good enough.

8 A (Davis) We don't have that number readily
9 available.

10 A (Chen) I don't have that, no.

11 A (Davis) We do not have that readily available.

12 Q You don't have that number, okay.

13 CHAIRMAN GOLDNER: If I can help you,
14 Commissioner Chattopadhyay?

15 CMSR. CHATTOPADHYAY: Yes.

16 CHAIRMAN GOLDNER: Isn't it like the
17 Burgess output is planned at like 500, and your
18 overall capacity is like 7.7? I mean, isn't that
19 like 5 or 6 percent of your total load?

20 You have it in your filing. It's just
21 Commissioner Chattopadhyay is asking for a
22 calculation.

23 WITNESS DAVIS: I concur with the
24 denominator. But if it's -- if that's the

[WITNESS PANEL: Chen|Davis]

1 number, then it is on that order.

2 CHAIRMAN GOLDNER: Yes. We're just
3 trying to understand about how big of your load
4 is Burgess, and clarify our understanding. Looks
5 like 0.5 divided by 7.6, I believe, I think is
6 your answer.

7 I get like 6.5 percent. But let's see
8 what the Company gets.

9 *[Short pause.]*

10 WITNESS CHEN: Subject to check, so, we
11 believe that's the right estimate. It's the
12 right percentage.

13 CHAIRMAN GOLDNER: We have a new system
14 in here, Attorney Wiesner, on "subject to check",
15 we actually have to check now. So, we'll -- we
16 can make that a record request, or, if the
17 Company can verify before the end of the hearing,
18 that will be fine, too.

19 But, I'm sorry, the Company's answer is
20 approximately 6 and a half percent, something
21 like that?

22 WITNESS CHEN: Yes. I will agree with
23 that.

24 CHAIRMAN GOLDNER: Approximately?

[WITNESS PANEL: Chen|Davis]

1 WITNESS CHEN: Yes, approximately.

2 CHAIRMAN GOLDNER: Okay.

3 WITNESS CHEN: Upon further
4 checking, --

5 CHAIRMAN GOLDNER: Okay.

6 WITNESS CHEN: -- if that's different.

7 CHAIRMAN GOLDNER: Okay. Yes. We
8 just -- the new rule is, everyone has to check
9 now. So, I can just make a note of that.

10 Please proceed, Commissioner
11 Chattopadhyay.

12 CMSR. CHATTOPADHYAY: Yes.

13 BY CMSR. CHATTOPADHYAY:

14 Q I'm going to go to Exhibit 2, Bates Page 037. We
15 were there just a while ago. And, if you go to
16 Line 13, that's the REC's rates that is being
17 applied to the 400,000, right?

18 A (Chen) Correct.

19 Q And tell me a little bit more about the 75
20 percent adjustment? So, that is already
21 accounted for when you got the price at 60, or is
22 that being done with the number of RECs?

23 A (Chen) It's being reflected -- the 75 percent is
24 being reflected in Line 13, which is the

[WITNESS PANEL: Chen|Davis]

1 contracted price.

2 Q Okay. So, that is after the adjustment?

3 A (Chen) Correct.

4 Q Without the adjustment -- let's not go there yet.
5 I'm just -- so, do you know what the Class I REC
6 prices are currently?

7 And I'm not talking about Burgess now.
8 I'm talking about, in general, what are the
9 RECs -- what is the market REC price?

10 A (Chen) I do not have that information. I only
11 have until 2023.

12 CMSR. CHATTOPADHYAY: I'm noticing you
13 want to chime in. So, please feel free to do
14 that.

15 MR. YOUNG: So, the Department -- the
16 current market price for the Class I -- New
17 Hampshire Class I REC is 38.75, \$38.75.

18 BY CMSR. CHATTOPADHYAY:

19 Q Okay. So, it's fair to say it's roughly half of
20 what was being -- is part of the rates being used
21 before the 75 percent adjustment for the RECs
22 associated with Burgess, correct? Based on what
23 the DOE just added?

24 A (Chen) Yes. Based on that, yes.

[WITNESS PANEL: Chen|Davis]

1 Q Okay. Do you agree that the RECs is -- there's a
2 market for it? That is, it's not
3 administratively set, there is a market for RECs?

4 I'm not trying -- it's not a trick
5 question. I'm just trying to get you to --

6 A (Davis) That's our understanding.

7 Q Yes, that's your understanding. Yes. I mean, I
8 understand the over-market costs, you know, in
9 the contract, it's just about the energy piece.
10 But it's -- it's bothering me that there's
11 another element that is also over-market. If you
12 assume RECs are also in the market, then it's --
13 I'm just concerned about it. But, maybe the way
14 the PPA works, there's much -- there's not a
15 whole lot we can do right now. But I just want
16 to flag that.

17 I will -- just bear with me, I want to
18 go -- so, you explained this right at the
19 beginning, when you were summarizing what's going
20 on. I wasn't there at the status conference, you
21 know, hearing. So, and I may understand it
22 better when I start looking at the transcript.
23 So, I think, but can you just give me a sense of,
24 if you go to, not sure where this would be, but

[WITNESS PANEL: Chen|Davis]

1 it's YC/EAD-7, Page 1. And let me go there with
2 the Bates page, hold on. Seven (7), Page 1. And
3 there's an estimated, Line 1, the number is
4 \$23.8 million, roughly.

5 A (Chen) Correct.

6 Q Can you respond -- can you explain again why is
7 that number that large?

8 And you may have talked about it a bit,
9 but I'm trying to make sure I understand where
10 that number is coming from.

11 A (Chen) Sure. So, that's --

12 *[Court reporter interruption.]*

13 **CONTINUED BY THE WITNESS:**

14 A (Chen) So, if we turn to the next page, which is
15 Attachment YC/EAD-7, Page 2.

16 BY CMSR. CHATTOPADHYAY:

17 Q Okay.

18 A (Chen) That's on Bates Page 060.

19 Q Yes.

20 A (Chen) Line 11. So, that number represents the
21 projected under recovery at the end of
22 January 2024. Which means that we are collecting
23 less than what we set in the rates last time
24 around.

[WITNESS PANEL: Chen|Davis]

1 Q And what about -- what are the drivers? Why is
2 it significantly less then?

3 And, you know, I'm just asking
4 generally. I'm just trying to get a "big
5 picture" view here.

6 Is it, again, because of the volatility
7 in the markets? And, you know, I'm just trying
8 to get a sense.

9 A (Chen) So, Chapter 340 is trying to recover the
10 excess amount for the Burgess PPA Contract above
11 the 100 million. So, that would mean there is
12 even more above-market costs during the prior
13 period ended January 2024. And we saw the
14 actuals, the actual above-market costs went up
15 than what we originally forecasted.

16 Q So, there was whatever the rates were previously
17 in place, they were significantly off what would
18 have allowed you to recover the over-market, you
19 know, market costs appropriately, I think. It
20 was significantly off, that's what you're saying?

21 A (Chen) Correct.

22 Q Okay.

23 A (Chen) Because that's capturing the contract
24 price versus the market price, at the time when

[WITNESS PANEL: Chen|Davis]

1 we developed the last forecast.

2 Q And did the -- was there any sort of over
3 recovery last time around that also contributed
4 to this? Meaning, going back to now the previous
5 year, not this year?

6 A (Chen) Yes. There is a little bit. There's
7 approximately 5 million --

8 Q Okay.

9 A (Chen) -- over recovery in the prior period, in
10 the period -- twelve-month period ended
11 January 2023, which is in last SCRC filing in the
12 prior period.

13 Q Okay. And this, it will sound more like a
14 comment, but -- because I think the PPA has what
15 it has, and whatever the settlement was, it is
16 what it is. So, I think the more I'm looking at
17 it, it's like I'm still trying to understand,
18 what was the basis for having an arrangement
19 where you buy from Burgess, and then sell it off
20 in the market, and you keep the Default Service
21 100 percent? And, you know, Default Service
22 procurement is still remaining 100 percent. You
23 don't use the Burgess production.

24 So, there could be times when the

[WITNESS PANEL: Chen|Davis]

1 Default Service rate is higher than, you know,
2 the Burgess rate, but you're not taking advantage
3 of that. And I'm just curious what your thoughts
4 are, and why is it like that, if you know?

5 A (Chen) So, my understanding, if I understand your
6 question, Commissioner, so, under the Burgess
7 PPA, we are required to purchase whatever Burgess
8 produces, at the contracted price, and then
9 resell that into the market, because we can --
10 the Company cannot use that to fulfill the
11 Default Energy Service procurement.

12 Q And why so? And I'm just trying to understand.
13 If you don't know, that's okay. I'm just -- but
14 why is that reasonable, because, you know, that
15 ends up costing more for the ratepayers?

16 A (Chen) I believe it's because we have -- we are
17 already exited out of the generation. But we
18 cannot -- we cannot -- so, since we had already
19 divested our generation business, we cannot
20 really -- we have to procure in the market per
21 the prior docket.

22 CMSR. CHATTOPADHYAY: So, it's a legal
23 requirement. Are you saying that or -- because
24 I'm still not sure, like, because you have to.

[WITNESS PANEL: Chen|Davis]

1 And, clearly, this is adding costs to the
2 ratepayers.

3 So, I'm going to leave it at that. I'm
4 not sure I'm getting across the point that I'm
5 trying to capture here.

6 Thank you.

7 CHAIRMAN GOLDNER: Okay. Yes, I'll
8 just start with a quick summary.

9 I think what's really happening here is
10 that, per the PPA, I'm not suggesting otherwise,
11 but the ratepayers are paying \$72 million for the
12 500, the output of 500 megawatts, and that has a
13 market value of \$33 million. So, and that's on
14 your -- on your Bates Page 037 analysis, Ms.
15 Chen.

16 So, that's the PPA, that's the
17 contract, and that's what's happening. And, so,
18 ratepayers are paying more than double of the
19 market value of the energy. So, that's what
20 we're trying to get our hands around today.

21 BY CHAIRMAN GOLDNER:

22 Q I do have a question related to that, Ms. Chen,
23 for -- I could not find anywhere in the filings,
24 whether it was for the status conference or for

[WITNESS PANEL: Chen|Davis]

1 today, the analysis that shows that the starting
2 point of the CRF balance is 70.595. The Company
3 represents that that's the case of the balance
4 that you're drawing down. But there's no
5 analysis that I could find that shows how you got
6 there.

7 Is that in the filing somewhere or is
8 that in a different filing with the Company?

9 A (Chen) You are correct, Chairman, it's not in the
10 filing.

11 Q Okay.

12 A (Chen) But the number was from the separate
13 letter that was filed in July by Energy Supply
14 group.

15 CHAIRMAN GOLDNER: And, so, where at
16 least I'm baffled is that Ms. LaMontagne made a
17 filing that shows a different starting point,
18 70.9 million, the number in this filing shows
19 70.6 million. And I would like to see, and, so,
20 I'll make a record request, that the Company show
21 the entire analysis of how we get to what I'll
22 call this "beginning balance" of the CRF.

23 Because I think it's important for all
24 the parties to know, in future filings, you know,

[WITNESS PANEL: Chen|Davis]

1 what our starting point was, and then as it gets
2 drawn down over time.

3 You did mention, and I think at the
4 outset, Mr. Wiesner, you highlighted that the
5 team had an analysis that shows when that 70.5
6 million will be paid off based on the current
7 forecast.

8 BY CHAIRMAN GOLDNER:

9 Q Can the witnesses share that analysis at this
10 time?

11 CHAIRMAN GOLDNER: Ms. Chen is looking
12 furtively at me. So, I'm concerned that I
13 misunderstood, Attorney Wiesner, your statement
14 at the outset. Is that -- did I misunderstand?

15 MR. WIESNER: So, that's -- no. So,
16 this is the question that came out of the status
17 conference last week.

18 CHAIRMAN GOLDNER: Yes.

19 MR. WIESNER: About the Excess
20 Cumulative Reduction, and when the Company
21 projects it might go to zero.

22 CHAIRMAN GOLDNER: Yes. Thank you for
23 restating it.

24 MR. WIESNER: Right. So, we do have

[WITNESS PANEL: Chen|Davis]

1 an -- we do have an analysis and an answer
2 prepared for that. I will say --

3 Well, I won't say anything. I'll let
4 Ms. Chen provide the answer.

5 **BY THE WITNESS:**

6 A (Chen) Okay. So, when we attempted to forecast
7 the future changes in this Excess Cumulative
8 Reduction Amount, which is the above-market
9 energy costs over the 100 million cap. And it's
10 important to keep in mind the continued
11 calculated accumulation of the excess over the
12 cap on the CRF, that is based on the monthly
13 difference between the energy prices paid under
14 the PPA and the wholesale market prices for
15 energy.

16 Another key factor is the estimation of
17 how much energy Burgess is likely to generate
18 monthly over the future periods.

19 The specific offset recoupment
20 mechanism, which has now taken effect, is limited
21 each month to the amount otherwise payable to the
22 plant. And it is not a deduction of the full
23 monthly one-twelfth of the Excess CRF Amount
24 under the applicable PPA terms. The offsets

[WITNESS PANEL: Chen|Davis]

1 under that mechanism are not applied to the
2 payment for capacity or RECs. The Company,
3 therefore, must use estimates based on likely
4 Burgess generation and forecasted forward energy
5 market prices, because those are the more
6 accurate figures to use to calculate the
7 estimated payments and offsets.

8 And, because of the constraints on
9 recoupment of the CRF excess in that PPA section,
10 and the fact that the Excess CRF may continue to
11 accrue, if market energy prices are less than the
12 contract energy prices, it is more likely that
13 recoupment of the full amount over the 100
14 million CRF cap will take significantly longer
15 than twelve months.

16 Based on all the relevant variables,
17 however, it is not possible for the Company to
18 project when the Excess Cumulative Reduction may
19 be fully recouped through that specific offset
20 mechanism.

21 CHAIRMAN GOLDNER: I could see now why
22 Attorney Wiesner did not answer the question,
23 because the answer was that there is no answer.

24 But let me try to clarify a little bit,

[WITNESS PANEL: Chen|Davis]

1 because I don't really accept that answer.

2 BY CHAIRMAN GOLDNER:

3 Q So, the Company projects here that there's, in
4 the filing here, I'm going to go to Bates
5 Page 037 -- actually, let me instead go to -- let
6 me instead go to the Record Request 1-003.

7 So, in that filing that the Company
8 made, it shows the CRF going from 70.6 million,
9 to 40 million. And, in fact, in the spreadsheet
10 that the Company submitted, there's a further
11 forecast in there that shows an even lower number
12 out in time.

13 So, why can't the Company forecast this
14 Column G until the answer is zero? What would be
15 difficult about that?

16 I know one would have to make
17 assumptions. But you know the contract price,
18 and, so, the only thing that you don't know is
19 the market price. But you could make an
20 assumption, just as you've done for the next
21 twelve months, to assume, because you have
22 futures markets that go out in time, so, you
23 could use the futures market to make assumptions,
24 in terms of what the price would be paid, could

[WITNESS PANEL: Chen|Davis]

1 do a forecast, and you could determine when that
2 number goes to zero.

3 I will agree that the number actually
4 never hits zero, which was the point of the
5 question, because you're always going to roll the
6 over-market price into the next year. And, so,
7 you never actually get there. But that issue
8 aside, you should show a number going as low as
9 about -- it could go as low to zero, but I
10 suspect in the 10 to 12 million range, you never
11 get lower than that, until this contract expires.

12 So, I guess my question is, why can't
13 you forecast the -- why can't you forecast out
14 beyond twelve months?

15 A (Chen) So, to my understanding, it's -- there are
16 just many moving parts. Such as the Burgess
17 production, we -- the Company does not know that
18 far out how -- what the production would look
19 like, for example. And, then, this table is
20 trying to demonstrate this Operating Year 11,
21 based on the more closed outlook what it would
22 look like possibly.

23 Q Yes. So, I think the biggest variable that we've
24 uncovered today that I guess, at least from my

[WITNESS PANEL: Chen|Davis]

1 perspective, I didn't understand coming in, was
2 that the Burgess output is unclear to the
3 Company, it's unknown. You're not confident in
4 your forecast even out twelve months, based on --
5 based on the fact that you don't -- you don't
6 have a good grasp on what -- the Company doesn't
7 have a good grasp on what Burgess will output.

8 CMSR. SIMPSON: And I would just
9 interject that it would -- that's an interesting
10 detail, given there's a PPA contractually in
11 place.

12 **BY THE WITNESS:**

13 A (Chen) And, also, like the forward price, energy
14 price, is that they can, to my understanding,
15 they can swing dramatically. So, it's just very
16 challenging for the Company to come up with the
17 outer years' forecast based on that.

18 **BY CHAIRMAN GOLDNER:**

19 Q Yes. But the futures market, how long does the
20 futures market go out? Five years? Or, how long
21 does your futures market go?

22 Because you have a -- the market
23 provides you with a forecast. And my question
24 is, and I don't know the answer to this, how far

[WITNESS PANEL: Chen|Davis]

1 out does your futures market go? How far out can
2 you see? Unknown? Yes.

3 A (Chen) I will have to check with our Energy
4 Supply group, if they -- they would be -- they
5 would have better expertise on tracking and
6 managing all of this.

7 CHAIRMAN GOLDNER: Does the Department
8 have an idea for how far out the futures market
9 goes?

10 MR. YOUNG: We do not.

11 CHAIRMAN GOLDNER: Okay. Good research
12 project for all, including the Commission. But,
13 yes, I would expect the futures market goes out
14 quite a bit in time.

15 So, I mean, I guess my assessment of
16 what's really going on here, from a ratepayer
17 point of view, is that, if we are to believe Ms.
18 LaMontagne's forecast, which is the latest from
19 the Company, the bleed-off of the CRF is
20 extremely slow. And it seems possible that this
21 CRF will still exist, and, in fact, maybe even
22 probable, that the CRF will exist until the
23 termination of the contract. So, I don't know
24 that that's what ratepayers are expecting.

[WITNESS PANEL: Chen|Davis]

1 Perhaps Attorney Kreis, in closing, could give us
2 some thoughts on that topic.

3 But I don't -- the math here doesn't
4 express any confidence that the ratepayers will
5 ever see the end of this 70.6 million.

6 Okay. Just some questions. So, I'll
7 address this to the witness panel.

8 Well, first a comment, and I guess I'll
9 address this to the Company overall. The
10 important item here is that Burgess does not
11 receive any payments for energy until the 70.6
12 million has been paid off. If that actually
13 happens, if that transaction happens as I just
14 suggested, the rest of this math will flow
15 through and will take care of itself.

16 The concern I expressed after the break
17 was, what we don't want is wide perturbations.
18 And, Ms. Chen, as you highlighted, you know,
19 you're not confident in the company's output.
20 And, so, we don't -- we don't have a good handle
21 on what that SCRC should be in the current
22 environment. But we need to make it as close as
23 we can to the actual number, so that the
24 ratepayer doesn't see a wide swing.

[WITNESS PANEL: Chen|Davis]

1 BY CMSR. SIMPSON:

2 Q Could we just get a confirmation on the record
3 that the statement you just offered, with respect
4 to energy payments, is shared by the Company,
5 that Burgess will not receive any payments for
6 energy prior to the zeroing out of the 70.5
7 million? That's your understanding?

8 A (Chen) That's my understanding, correct.

9 CMSR. SIMPSON: Thank you for that.

10 BY CHAIRMAN GOLDNER:

11 Q So, a question is, I'll start with the witness
12 panel, this may end up going to Mr. Wiesner.

13 As a reconciling rate mechanism, does
14 Eversource acknowledge and agree that the
15 adjustments to the SCRC can be made, if
16 appropriate, if calculation adjustments related
17 to the Chapter 340 Adder or Burgess-related
18 Part 2 SCRC costs are required?

19 So, in other words, if something
20 changes in a few months, does the Company have
21 any concerns with adjusting the SCRC rate?

22 A (Chen) So, right now, the Company is planning to,
23 as of today, like the Company is planning to
24 continue with the proposed SCRC rates as

[WITNESS PANEL: Chen|Davis]

1 submitted for approval. And evaluate -- continue
2 to monitor and evaluate at later time if anything
3 changes. The Company does plan on following this
4 SCRC reconciliation period with just a
5 twelve-month period.

6 CMSR. SIMPSON: Can I offer a comment?

7 CHAIRMAN GOLDNER: Please.

8 CMSR. SIMPSON: And, you know, this is
9 an interesting hearing. And I remember the days
10 of coming to a hearing that you thought would be
11 straightforward, and you get many questions and
12 different questions than you anticipated. And
13 the inverse other times, sometimes you come to a
14 hearing, and something that you think is going to
15 be of a confusing nature, ends up being absorbed
16 rather quickly without many questions. So, it
17 seems like we may be in one of those situations.

18 And I think, you know, you've proposed
19 an SCRC rate for the year, you want certainty on
20 that. The Company puts that into effect, and
21 then you come back next year. That's the typical
22 process.

23 What I would offer, because I think
24 what the Chairman has said is that, if there's a

[WITNESS PANEL: Chen|Davis]

1 variance, a large variance in some of the
2 assumptions that you see that would drastically
3 impact or significantly impact the rate in place,
4 if you had known that in the past, you would have
5 made a different decision, recognizing everything
6 is reconcilable.

7 In New Hampshire, for gas companies, if
8 the cost of gas has a significant variance,
9 there's something called a "trigger filing" that
10 companies can make, where they come back and
11 there may be an adjustment.

12 That might be something to just
13 consider. Because, you know, clearly, we have a
14 great interest in trying to get to as close a
15 number as possible. And I don't doubt that both
16 of you share that perspective as well.

17 Could be something for the Department
18 to consider as well, whether there's a process
19 improvement that could be investigated for SCRC
20 in the future.

21 CHAIRMAN GOLDNER: Yes. I think, just
22 to add to that, I mean, the swings that we're
23 seeing already, even under relatively
24 steady-state conditions, are very large. Bates

[WITNESS PANEL: Chen|Davis]

1 Page 059 shows a carryforward in Chapter 340 this
2 year of \$24 million. So, we're not talking about
3 carryforwards of a few hundred thousand dollars
4 or something relative to the size of Eversource
5 that would be minor. We're talking about large
6 carryforwards, which is why we're seeing this
7 increase in SCRC rates, as it relates to Burgess,
8 even though the Company is trying to return this
9 \$70 million to ratepayers.

10 So, I'm very concerned about the wild
11 swings that we're seeing here. And how do we, to
12 Commissioner Simpson's point, how do we get to a
13 place where these numbers are more robust, and
14 less -- less wild?

15 Let me, on this topic of numbers
16 swinging in a large way, does the Company have
17 any concerns if the Commission requested or
18 required the Company to provide a quarterly
19 filing, as opposed to the semi-annual filing
20 that's required now, from Docket 19-142, of the
21 above \$100 million balance, as it relates to
22 Burgess, in the form of PUC Attachment 1-003, the
23 attachment that we've been talking about? Does
24 the Company have any concerns with just filing

[WITNESS PANEL: Chen|Davis]

1 that with the Commission and all the parties on a
2 quarterly basis?

3 MR. WIESNER: As I sit here, I would
4 have to review that docket and how that
5 requirement came to be. There may have been a
6 settlement agreement and a Commission order which
7 approved that schedule.

8 Aside and apart from that, I don't
9 think we would have a problem with providing more
10 frequent updates.

11 CHAIRMAN GOLDNER: Thank you. And I
12 did go back and read 19-142 in preparation for
13 this hearing. And the Commissioners at the time,
14 none of whom are sitting here today, had some
15 very detailed requirements or requests, I guess
16 they were requirements, for the filing. And what
17 we just saw from Ms. LaMontagne was pretty high
18 level.

19 So, I think that, if we use that form
20 1-003, that will be helpful to everyone to
21 communicate what the Commission is actually
22 looking for. So, there was clearly a disconnect
23 between what the Commission asked for and I think
24 received in the filing from Ms. LaMontagne.

[WITNESS PANEL: Chen|Davis]

1 WITNESS DAVIS: Mr. Chairman, could I
2 ask a clarifying question, just for my
3 understanding?

4 *[Chairman Goldner indicating in the*
5 *affirmative.]*

6 WITNESS DAVIS: Is the context, you
7 said "if one of many things change", kind of a
8 broad -- I was just trying to, were you referring
9 to updating the mechanism based on number
10 changes, as opposed to structural changes to the
11 mechanism itself?

12 CHAIRMAN GOLDNER: Well, I think -- I
13 think the Company as -- gets, you know, gets
14 smarter every month, right? You have another
15 month of actuals roll in, you have updated
16 forecasts. So, you get more refined and more
17 accurate the farther out in time that you go.

18 So, the concept behind the quarterly
19 update is just, you know, just tell the parties
20 and the Commission what you know. You now have
21 actuals loaded in, you're smarter about your
22 forecast as you roll through time, and keeping
23 folks posted.

24 Because I think what's interesting to

[WITNESS PANEL: Chen|Davis]

1 the Commission, and probably the parties, too, is
2 how quickly are ratepayers getting the money back
3 from the 70.5 million that's owed them. And
4 that's, I think, an important number for the
5 government to keep track of. So, that's the
6 concept, I think.

7 WITNESS DAVIS: Thank you.

8 CHAIRMAN GOLDNER: And I think another
9 record request we'll make here, I know they're
10 adding up, but the view of Eversource, as it
11 relates to Burgess, is one that's sort of hard to
12 figure out in the filing. And the status
13 conference, which was very helpful, and we
14 appreciate Mr. Robinson being there as well, was
15 what it made clear to us was what was actually
16 happening between Burgess and Eversource. And
17 maybe the parties, who have been doing this for a
18 lot longer than the Commissioners, already knew
19 this. But what's happening is that Eversource is
20 paying only the RPS payment and the capacity
21 payment to Burgess for as long as the -- until
22 the 70.5 million is paid off relative to the
23 energy payment. So, that transaction is
24 happening every month. There's checks going to

[WITNESS PANEL: Chen|Davis]

1 Burgess for RPS and capacity per the PPA, and
2 that's what they're getting paid. By my
3 calculation, they're getting about roughly \$60 a
4 megawatt-hour.

5 So, what Burgess is receiving today is
6 not so different than the actual market rate,
7 which I think the Company assumed was also about
8 \$60 a megawatt-hour. So, Burgess is still
9 receiving substantial payments for its energy.

10 And what we are -- what we'd like to
11 understand is, how that is transpiring over time?
12 Because, as we see those transactions between
13 Eversource and Burgess, that tells us what's
14 really going on. After that, the SCRC is just
15 your mechanism for kind of keeping ratepayers
16 whole as we go through the process.

17 So, that would be the record request
18 there. So, I said it in my notes this way: "Add
19 a chart that shows the monthly and resulting
20 annual amount paid to Burgess by Eversource, for
21 energy payments, RPS, and capacity, and the
22 resulting megawatt-hours that are being paid by
23 ratepayers."

24 I just think that's a helpful view, so

[WITNESS PANEL: Chen|Davis]

1 everyone can keep track of what's going on here.

2 BY CHAIRMAN GOLDNER:

3 Q And I want to return briefly, and I can see we're
4 running out of time, but I want to return briefly
5 to the REC calculation, which my fellow
6 Commissioners might have fully understood, but
7 I'm still struggling with the calculation.

8 I think, Ms. Chen, what you said
9 earlier was, you took the original PPA rate, it's
10 multiplied by the CPI, then times 0.7, and that
11 gives us the rate that we see in the filing.

12 So, my first question for you is, what
13 was the original PPA rate? What is that number?

14 I think, in the spreadsheet, it was
15 "\$81", or something like that.

16 A (Chen) For the contract, ACP contract price for
17 2020 -- it changes every year. So, in 2024, it's
18 81.80.

19 Q 81.80, okay. And I couldn't find in the PPA
20 anything with these CPI adjustments, and what the
21 original rate was. So, I'm just trying to get
22 oriented. Apparently, there was an original PPA
23 number. It's been adjusted all these years by a
24 CPI, to get you to the 81.80 that you're at now.

[WITNESS PANEL: Chen|Davis]

1 But I don't sort of understand the
2 starting point, and I don't understand where that
3 is in the PPA?

4 MR. WIESNER: Mr. Chairman, I guess I'm
5 reminded that Mr. Eckberg had indicated -- or,
6 Attorney Young had indicated that Mr. Eckberg
7 might be able to speak to these RPS issues as
8 well. And I don't know whether this is an
9 appropriate time to have him weigh in?

10 CHAIRMAN GOLDNER: Yes. Thank you.
11 That's an excellent idea, Mr. Wiesner. Thank you
12 for that.

13 Let me just see if I can finish with
14 the Eversource witnesses. And, then, we'll
15 invite Mr. Eckberg to the stand. Thank you for
16 that reminder.

17 MR. WIESNER: I just mention it,
18 because it is actually the DOE that sets the ACP.

19 CHAIRMAN GOLDNER: No, you're right. I
20 meant to wait for Mr. Eckberg.

21 I think we can stop there with the
22 Eversource witnesses, unless my colleagues have
23 any additional questions?

24 CMSR. CHATTOPADHYAY: No.

[WITNESS PANEL: Chen|Davis]

1 CHAIRMAN GOLDNER: Okay. So, we'll
2 move to redirect, Attorney Wiesner. And, then,
3 we'll invite Mr. Eckberg to the stand.

4 **REDIRECT EXAMINATION**

5 BY MR. WIESNER:

6 Q So, I guess I'll just ask Ms. Chen to confirm
7 that the Company has no actual control over the
8 output of the Burgess facility, is that correct?

9 A (Chen) That's correct.

10 Q And the Company is merely administering the
11 Burgess PPA, as approved by the Commission
12 previously, having found it was in the public
13 interest?

14 A (Chen) That's correct.

15 Q And that contract, as best you understand it, has
16 a number of adjustment mechanisms, both for the
17 energy price, as well as for the REC price, is
18 that fair to say?

19 A (Chen) To my knowledge, yes.

20 Q And is it your understanding that, for example,
21 even with the energy price, that there's a Wood
22 Price Adjustment Factor that is applied, which is
23 effectively tracking the fuel price for the
24 plant? Is that consistent with your

[WITNESS PANEL: Chen|Davis]

1 understanding?

2 A (Chen) That's to my understanding, yes.

3 Q And, so, the price is, you know, one additional
4 variable, in addition to the production of the
5 plant on a monthly or annual basis, is that
6 correct?

7 A (Chen) Correct.

8 Q And I think, is it also fair to consider that the
9 Excess Cumulative Reduction is, you know, it's
10 not a balance of money, and please correct me if
11 I have this wrong, it's not a balance of money
12 that is then paid down? It is, effectively, an
13 accounting mechanism that continues to operate.
14 At any given point, it may be 71 million, it may
15 be more or less, and then it is adjusted, if you
16 will, by virtue of both the setoff mechanism
17 against the energy payments to the plant, as well
18 as the mark-to-market feature that I mentioned
19 earlier, which is the tracker against energy
20 prices?

21 A (Chen) That's correct.

22 Q And is it also correct that our estimates are
23 based on our best understanding at any given
24 point of forward energy prices?

[WITNESS PANEL: Chen|Davis]

1 A (Chen) Correct.

2 Q And, so, in that vein, you know, the letter that
3 we've referred to here, Ms. LaMontagne's letter
4 that was filed earlier this week, reflects -- is
5 it fair to say that it reflects, as best as you
6 understand it, forward energy pricing that may
7 differ from that used at the time that the
8 estimates that underlie the Company's filing were
9 developed?

10 A (Chen) That's correct. It's a moving target,
11 yes.

12 Q And, you know, again, based on your best
13 understanding, the wholesale market can be quite
14 volatile, is that -- is that correct?

15 A (Chen) Based on my understanding, yes.

16 Q And even forward prices, even if they go out
17 three years, let's say, hypothetically, might be
18 quoted very differently on the Tuesday of a week,
19 as opposed to the Friday of that week?

20 A (Chen) Yes.

21 Q Thank you. And it is correct as well that none
22 of the output of the Burgess plant is used by the
23 Company to meet its energy supply requirements,
24 under the current process for procurement of

[WITNESS PANEL: Chen|Davis]

1 default energy supply?

2 A (Chen) Correct.

3 Q And one more point. This is probably technical
4 and a hypothetical. But the setoff mechanism
5 that we've discussed at length during this
6 docket, as reflected in the PPA, it actually
7 takes whatever the Excess Cumulative Reduction
8 balance is at the end of an operating year,
9 divides it by 12, and that amount represents the
10 maximum that could be set off against energy
11 payments in any given month. Is that consistent
12 with your understanding?

13 A (Chen) That's consistent.

14 Q So, in theory, there could be a month where the
15 energy production, times the contract price,
16 actually exceeded the one-twelfth offset cap?

17 A (Chen) That could happen.

18 Q Although, the projections that we have provided,
19 the Company has provided, in the Record Request
20 Response 1-003 table, do not show that occurring?

21 A (Chen) That's correct.

22 MR. WIESNER: Thanks. That's all I
23 have.

24 CHAIRMAN GOLDNER: Thank you, Attorney

[WITNESS: Eckberg]

1 Wiesner. And thank you, witnesses, today. You
2 are excused.

3 And we'll invite Mr. Eckberg to the
4 stand. Thank you.

5 WITNESS DAVIS: Thank you.

6 *(Whereupon **STEPHEN R. ECKBERG** was duly*
7 *sworn by the Court Reporter.)*

8 CHAIRMAN GOLDNER: Okay. Thank you.
9 Sorry for the delay.

10 Please proceed with direct, Attorney
11 Young.

12 MR. YOUNG: The Department has no
13 direct for Mr. Eckberg today. I think the
14 Commissioners, obviously, have a few questions
15 regarding this REC issue.

16 I think I would just, you know, reserve
17 the right for redirect or clarifying questions at
18 the end.

19 CHAIRMAN GOLDNER: Yes. Absolutely.
20 We would have that as the normal course.

21 Does Attorney Kreis have any questions
22 for Mr. Eckberg?

23 MR. KREIS: I do not.

24 CHAIRMAN GOLDNER: Does the Company

[WITNESS: Eckberg]

1 have any questions for Mr. Eckberg?

2 MR. WIESNER: This is an unexpected
3 pleasure. Good afternoon, Mr. -- good morning,
4 Mr. Eckberg.

5 WITNESS ECKBERG: Good morning.

6 **STEPHEN R. ECKBERG, SWORN**

7 **CROSS-EXAMINATION**

8 BY MR. WIESNER:

9 Q Do you happen to know what the ACP was for
10 Class I RECs in the year 2011?

11 A I believe I have a spreadsheet which will tell me
12 that. Actually, my spreadsheet does not. But
13 that information should be available on the
14 Department of Energy website. 2011, I wonder if
15 the number, if you're testing me, I might give
16 you the number of "\$62.13". Did I get the
17 correct answer?

18 Q Is that subject to check?

19 A Well, I've heard there's new rules regarding
20 that. So, I'm not sure I want to play that card
21 quite yet.

22 If you can give me a moment, I will go
23 to the Department of Energy's website, and take a
24 quick look at information about the Renewable

[WITNESS: Eckberg]

1 Portfolio Standard. And I know that there is a
2 table of information there, which shows a
3 complete list of Alternative Compliance Payment
4 rates going back in history.

5 And, if I bring that table up, indeed,
6 yes, 2011, the Class I non-thermal ACP rate
7 published, by then the Public Utilities
8 Commission, was "\$62.13". That number was a
9 CPI-adjusted number, which would have increased
10 incrementally since the advent of the first
11 published ACP rates, which were in statute, I
12 believe. Hopefully, that's thorough enough.

13 I'll try to be succinct, actually,
14 because I understand we have a time limit. And I
15 have a natural propensity to rather verbose. I
16 will try to curtail some of that.

17 Q And, per statute, the PUC then, and the DOE now,
18 escalates the applicable Class I ACP per an
19 inflation adjustment on an annual basis, is that
20 correct?

21 A That's correct. The inflation adjustment is what
22 we referred to as the "CPI", the "Consumer Price
23 Index". Originally, my research shows that the
24 adjustment for Class I was the full CPI index

[WITNESS: Eckberg]

1 that was published and specified. Beginning in
2 2013, there was a statutory change, which then
3 made that Class I adjustment only -- well, I'm
4 sorry, there was a change in 2013 that changed
5 the adjustment for some RPS classes to only half
6 of the CPI rate. I believe, for the Class I ACP,
7 the adjustment continues to be the full CPI rate.

8 Q And is it true that, in 2013, per legislation,
9 that the base ACP Class I, for Class I RECs, was
10 decreased to \$55?

11 A That is correct.

12 Q And, then, so, the inflation adjuster would then
13 run forward based on that new base price?

14 A Those are -- yes, that is correct. That is
15 the -- those would be the published ACP rates,
16 which would apply to RPS compliance. But, as we
17 have discussed earlier today, and I believe if
18 the -- a thorough and careful reading of the PPA
19 terms that are in place between Burgess and
20 Eversource would have us disregard that change to
21 \$55, and would have us continue escalating the
22 previously applicable Class I rate.

23 Q So, in effect, is it your understanding that the
24 Burgess PPA, you know, "hardwired", for lack of a

[WITNESS: Eckberg]

1 better term, the ACP level in effect in, say,
2 2011, and then subject to escalation per the CPI
3 adjuster following that time?

4 A Right. I would agree with that, yes. We've sort
5 of "hardwired" the starting point, and so that
6 subsequent legislative changes, such as that one
7 you asked about, the change to \$55, which took
8 place in 2013, that we would disregard that, per
9 terms of the PPA, not for actual terms of RPS
10 compliance.

11 Q So, in effect, the "statutory ACP", if I can
12 refer to it that way, is on a separate track from
13 the "contractual ACP", and the effect of that is
14 that the contractual ACP is higher, even before
15 the 75 percent factor is applied? Is that --

16 A Yes.

17 Q Am I saying that right?

18 A Especially before the 75 percent factor is
19 applied, yes.

20 MR. WIESNER: I think that's all I
21 have.

22 CHAIRMAN GOLDNER: Thank you. We'll
23 move to Commissioner questions. We'll begin with
24 Commissioner Simpson.

[WITNESS: Eckberg]

1 CMSR. SIMPSON: Thank you. And thank
2 you for indulging us this morning, Mr. Eckberg.

3 WITNESS ECKBERG: Always a pleasure,
4 Commissioners.

5 CMSR. SIMPSON: You answered most of my
6 question, I think, with what you just shared with
7 us.

8 BY CMSR. SIMPSON:

9 Q As a follow-up, do you have a sense of the
10 overall pool of Class I non-thermal RECs in New
11 Hampshire in a given year, and the contribution
12 that Burgess makes to that pool? Basically, is
13 Burgess approximately 5 percent? Is it 50
14 percent? One hundred (100) percent? Where do
15 they fall?

16 A I'd have to say, I don't have a sense of that.

17 Q Okay.

18 A I think my colleagues in the -- in the
19 Sustainable Energy Division or the Public Policy
20 and Programs Division would have a sense of that.
21 And I believe that there is -- yes, they're the
22 ones that more closely monitor those types of
23 issues.

24 CMSR. SIMPSON: Okay. That's all I

[WITNESS: Eckberg]

1 have. Thank you for the clarification with
2 respect to the original contract and the price.

3 WITNESS ECKBERG: Certainly.

4 CMSR. SIMPSON: Thank you.

5 CHAIRMAN GOLDNER: Thank you. We'll
6 move to Commissioner Chattopadhyay.

7 CMSR. CHATTOPADHYAY: I do not have any
8 questions for you, even though it would be a
9 pleasure talking to you.

10 WITNESS ECKBERG: Likewise, sir.

11 CHAIRMAN GOLDNER: I just want to check
12 the math, Mr. Eckberg.

13 BY CHAIRMAN GOLDNER:

14 Q So, I think what you said was, in 2011, the ACP
15 was "62.13". So, that's our baseline. That's
16 our foundation. And Ms. Chen reported that the
17 current ACP is "81.80".

18 Is that -- do you agree with those
19 numbers so far?

20 I shouldn't have said "ACP". I mean
21 the price on which the Burgess calculation is
22 made?

23 A Would come to "81.80", yes. My little
24 spreadsheet shows a very slight difference. I

[WITNESS: Eckberg]

1 have a number in my spreadsheet that's a little
2 bit more like "\$81.50". But I think that's just,
3 you know, the nuances of how many, you know,
4 decimal points of the CPI we're using. So, we're
5 very much in the same ballpark, yes.

6 Q Very close. And, then, at that point, we take,
7 and I can't remember now if it's 70 or 75 percent
8 of that 81.80 number, to get to the price that
9 Eversource pays Burgess, which is, I think,
10 around \$61. Is that -- am I doing the math
11 right?

12 A Yes. I believe the adjustment factor we'll be
13 using for these years that under discussion here
14 is 75 percent, per the PPA, that's the Operating
15 Years 8 through 12 or 7 through 12, something
16 like that. Yes.

17 Q Okay. Very good. Thank you. This is helpful
18 for the Commission to understand the calculation.

19 And, then -- and is it -- what are the
20 odds that that calculation could equal the
21 current ACP, as published by the Department?
22 Why -- how is it possible that those numbers are
23 almost exactly the same?

24 A Well, that is -- you know, I don't know how to

[WITNESS: Eckberg]

1 assess the probability of that occurrence.

2 Q It's low, yes. Maybe, yes.

3 A I had a similar probabilistic outcome in my
4 version of the spreadsheet. So, they're two
5 slightly different starting points. But the fact
6 that there's a coincidental number like that, I
7 don't know how to assess that. But it is
8 something I observed in my own spreadsheet as
9 well.

10 Q And I think, and, if this is not right, please
11 correct me, you've been involved in this for a
12 long time. Any idea or can you educate the
13 current Commissioners, who weren't there at the
14 time, why there would be a formula that sets an
15 ACP in stone, the 62.13, increments by the CPI,
16 then takes varying offsets, 75 percent, 70
17 percent, eventually 50 percent, to arrive at a
18 number that Eversource pays Burgess? It sort of
19 seems byzantine, to me at least.

20 A Well, I was not part of any team that negotiated
21 this PPA.

22 Q So, no insight, in terms of why the complexity of
23 this calculation? And why not just use ACP, for
24 example, or --

[WITNESS: Eckberg]

1 A Well, I think -- I think, obviously, you know,
2 there was an acknowledgment that the Legislature
3 has the power to adjust the ACP over time. So,
4 there could be such a thing that occurred, as we
5 saw in 2013, where the ACP was adjusted downward
6 from about \$66, down to \$55, as a result of
7 legislative activity.

8 And Burgess, for their part, I assume
9 they were certainly trying to memorialize a
10 revenue stream that would support the financial
11 model that they were trying to achieve. And, so,
12 I think there was, obviously, a balance of
13 push-and-pull, and that's -- this rather
14 complicated REC pricing approach here, in the
15 PPA, is the result of that. And, similarly,
16 there's a rather complicated energy price, which
17 took into account a lot of different factors.
18 Such as, if you read that PPA carefully, you
19 know, there were -- originally, it took into
20 account the price of wood paid at the Schiller
21 plant. But, then, there were clauses which said
22 "Well, if the Company no longer operates or owns
23 the Schiller plant, then we'll use a different
24 method for that adjustment."

[WITNESS: Eckberg]

1 So, it was a lot of -- a lot of
2 heavy-duty negotiation, I can imagine, that was
3 taking place that arrived at this complicated
4 world that we are now all trying to understand
5 and implement.

6 Q And I think Commissioner Chattopadhyay asked this
7 earlier. Do you have any idea, and I think we
8 asked in the status conference, too, the current
9 market price for Class I RECs, roughly? Is it
10 \$15? Twenty (20) dollars? Do you know?

11 A I believe Attorney Young offered a comment on
12 that earlier. We do have access to some
13 information, at least one indicator of market
14 price. Currently, that information is between
15 \$38 and \$39, --

16 Q Okay.

17 A -- as a market indicator. And we can see that
18 the Company uses a price very close to that on
19 the Bates Page 037, which is a schedule we've
20 referred to a number of times today. Down in the
21 lower portion of that schedule, on Row 39 -- no,
22 I'm sorry, 38, we see "Energy Service Transfer
23 Price". And the value there, "\$39.38", that's
24 what the Company has used as the "market price",

[WITNESS: Eckberg]

1 so to speak, of Class I RECs.

2 So, even though the Company is paying
3 Burgess a number that is higher than that, we can
4 see Burgess delivered RECs at contract price, up
5 in Line 13, that number is the "\$60.44", the
6 "61.35". That's what Burgess gets paid. But,
7 then, the \$39.38 is what you might -- we might
8 think of that as what ratepayers -- that's the
9 price that is included in Energy Service as the
10 RPS I -- Class I price.

11 And, then, above that, on Line 35, for
12 instance, we can see the "Total Energy Service
13 Megawatt-Hours", and the Company presents then in
14 the next couple of lines the calculation of their
15 Class I requirement overall. So, they have a
16 total requirement, an "estimated requirement",
17 you might say, of Class I RECs of 335,000, that's
18 the total of Line 37, all the way to the right.
19 And, so, for all the RECs above and beyond
20 335,309, I believe the Company takes the extra
21 RECs that they are required to purchase from
22 Burgess, and sells them in the market at those
23 approximate market prices, which you just
24 inquired about that.

[WITNESS: Eckberg]

1 So, we can see, up above, on Line 12,
2 the number of delivered Burgess RECs the Company
3 is, per the contract, per the PPA, they're
4 planning to be required to purchase 400,000, they
5 need 335,000. So, about 65,000 RECs will be sold
6 in the market. And those revenues are passed
7 back to ratepayers.

8 CHAIRMAN GOLDNER: Thank you.
9 Actually, that explanation clears a lot of smoke
10 and haze out of my mind.

11 CMSR. SIMPSON: Can I ask a question on
12 that exactly?

13 CHAIRMAN GOLDNER: Yes. Go ahead.

14 BY CMSR. SIMPSON:

15 Q Where is the then passback reflected?

16 A Oh, gosh. This is the curse of being helpful.

17 CHAIRMAN GOLDNER: He can retract the
18 question. It was a helpful answer.

19 **BY THE WITNESS:**

20 A Perhaps I would defer to the Company experts to
21 answer that one.

22 CMSR. SIMPSON: Thank you.

23 WITNESS ECKBERG: If I could -- if I
24 could buy an expert's -- buy another witness to

[WITNESS: Eckberg]

1 help me on that one.

2 CMSR. SIMPSON: You can buy a vowel
3 after.

4 WITNESS ECKBERG: "Buy a vowel", yes.
5 That sort of analogy was what I was thinking of,
6 yes.

7 CMSR. SIMPSON: Thank you.

8 BY CHAIRMAN GOLDNER:

9 Q And the part, and I know this is not a question
10 for you, Mr. Eckberg, but I appreciate your
11 walking through that, because the 335 Class I
12 REC -- 335,000 Class I RECs needed for 2025 does
13 not align in my mind with the energy numbers on
14 Lines 2 and 3. It looks to me like they're
15 outputting 500,000 kilowatts on Lines --

16 A Megawatt-hours?

17 Q Megawatt-hours. Sorry, megawatt-hours, on Lines
18 2 and 3, and that's only translating into 335,000
19 RECs, and that should be 400, if the two numbers
20 were aligned.

21 So, my belief is that we could have
22 different departments making different forecasts
23 on different lines, arriving at different
24 numbers. And I think that's the concern of the

[WITNESS: Eckberg]

1 Commission today. So, --

2 A Well, I think, during our status conference, I
3 believe that Attorney Wiesner pointed out several
4 elements of the PPA, in that I believe the
5 Company is obligated, under the PPA, to purchase
6 up to 500,000 megawatt-hours of energy. However,
7 they're only obligated to purchase 400,000 RECs.
8 So, --

9 Q But wouldn't --

10 A -- again, this is a complicated contract.

11 Q And this is -- you can be very helpful here, in
12 terms of clearing up the smoke and haze. So, if
13 they're only needing 335,000 RECs, doesn't that
14 mean that the output is 335 megawatt-hours?

15 A No. That this calculation of need, the number of
16 Class I RECs needed, it's my understanding this
17 would be based on the Company's total energy
18 service that they're providing to customers.
19 It's sort of -- that's not necessarily based upon
20 the output of Burgess, that's looking more at the
21 total default service that they're providing to
22 their customers. That's the 2,795,000
23 megawatt-hours of energy.

24 Again, and perhaps we could have the

[WITNESS: Eckberg]

1 Company -- I'm getting a nod from over in the
2 direction of the Eversource bench.

3 CHAIRMAN GOLDNER: Okay. Yes, thank
4 you. Yes, that is helpful. I'm not quite
5 following the math, but I'm going to sharpen my
6 pencil.

7 Any other questions for Mr. Eckberg
8 from the Commissioners?

9 CMSR. SIMPSON: No thank you.

10 CMSR. CHATTOPADHYAY: No.

11 CHAIRMAN GOLDNER: All right. Any
12 redirect, Attorney Young?

13 MR. YOUNG: I don't think I have any
14 redirect regarding the Burgess and REC issue, Mr.
15 Eckberg.

16 **REDIRECT EXAMINATION**

17 BY MR. YOUNG:

18 Q I did want to ask, the Commissioners suggested
19 potentially a provisional approval. I think the
20 Chairman used the "hanging chad" analogy, which I
21 think is appropriate, given the election season.

22 But could you articulate any concerns
23 you would have with a provisional approval
24 regarding the Part 1 costs specifically?

[WITNESS: Eckberg]

1 A Certainly. And this is not necessarily my area
2 of expertise. But, having been involved in this
3 docket for several years, it's my understanding
4 that the Part 1 costs are different, you might
5 say, they're special. Different than the Part 2
6 costs or different than the other costs which are
7 flowing through this docket. The Part 1 costs
8 are a very serious financial instrument, I guess
9 you would say.

10 And it's my understanding that the
11 Company, and the financial markets, need to be
12 sufficiently secure in their -- in the Company's
13 assurance of collecting the funds necessary to
14 fund the special purpose entity, which pays the
15 bonds. I'm not quite sure how to verbalize all
16 that. But it's -- I think it's that these Part 1
17 costs should, for the -- I guess, for the -- from
18 the Company's perspective, and I would be glad to
19 let the Company speak for itself here, but this
20 is just my understanding, but a provisional
21 approval of Part 1 costs, for example, may have
22 different ramifications than for Part 2 costs.

23 I guess that's my -- the point I would
24 try to make, yes.

[WITNESS: Eckberg]

1 MR. YOUNG: Thank you, Mr. Eckberg.
2 The Department has no more questions on redirect.

3 CHAIRMAN GOLDNER: Okay. Thank you,
4 Mr. Eckberg. Thank you very much. You're
5 dismissed. You can stay there or return to your
6 chair, whichever you prefer.

7 At this time, we can I think move to
8 closing statements. And, yes, let's do that now.
9 Let's move to closing statements, beginning with
10 the Department of Energy.

11 MR. YOUNG: Thank you, Mr. Chairman.
12 The Department has examined the filings
13 before us today, and the relevant settlements and
14 the Burgess PPA, and determined that the
15 calculation of the SCRC costs and the associated
16 rates are appropriate. We also do believe that
17 the allocation among customers is appropriate,
18 consistent with the prior Settlement Agreement.

19 As such, we do conclude that the rates
20 are just and reasonable, and concur with the
21 Company's request to have these rates approved
22 for effect February 1st.

23 CHAIRMAN GOLDNER: Thank you.
24 We'll move to the Office of the

1 Consumer Advocate.

2 MR. KREIS: Thank you, Mr. Chairman.

3 The request that you made earlier for a
4 statement of position from the OCA seemed, at
5 least in my mind, to invite a bit of a fiery
6 peroration. And I'm going to -- I think I'm
7 going to meet your expectations in that regard.
8 Because, although I indicated at the beginning of
9 the hearing that I thought that my position at
10 the end of the hearing would be "Let's just
11 approve the Company's proposed new SCRC rates",
12 that's actually not the position I'm going to
13 take at this point in the hearing. Because I
14 don't like what I've heard today any more than I
15 think the folks up on the Bench do, with respect
16 to the way ratepayers, particularly the
17 residential ratepayers, whose interests I
18 represent, have been treated over the course of
19 the Power Purchase Agreement between Public
20 Service Company of New Hampshire and the plant up
21 in Berlin.

22 And I would just like to remind the
23 Commission, and the other parties in the room,
24 who owns all of this real estate. Because, if

1 you go back to the docket in which this agency,
2 the Public Utilities Commission, first approved
3 the Power Purchase Agreement between PSNH and the
4 Burgess BioPower plant, you will note that the
5 then President of Public Service Company of New
6 Hampshire filed written testimony with the
7 Commission, I'm talking about Docket Number
8 10-195, DE 10-195, and he told the Commission at
9 that time, and now I'm reading, "Considerable
10 thought over more than two years went into
11 developing this unique PPA, and I truly believe
12 it is in the best interests of PSNH and our
13 customers over its term", and we are still in
14 that term. "PSNH requests that the Commission
15 approve in the" -- "approve the PPA in order to
16 allow this project to move forward quickly and
17 produce renewable energy, while providing
18 economic benefits for the State, and especially
19 the North Country."

20 Well, on the day that Mr. Long filed
21 that testimony, I was living and working in
22 another state. So, I don't own a shred of any of
23 this. But the person who held my job at the time
24 lost her job over this. Her witness testified

1 "The OCA believes that the Commission must reject
2 the PPA as proposed. The pricing terms in the
3 PPA are significantly above market, and could
4 result in more than \$400 million in over-market
5 payments by ratepayers between 2014 and 2033. We
6 also believe that the purported benefits of the
7 Cumulative Reduction mechanism are illusory at
8 best", "illusory at best", said Mr. Traum at the
9 time.

10 And, so, my predecessor urged this
11 Commission to reject the agreement voluntarily
12 entered into between this utility and that
13 company. And, as a result of that, when Governor
14 Lynch nominated her for another term, the
15 Executive Council rejected her. So, this
16 contract cost her her job, and that's the reason
17 I'm sitting here today, having moved back into
18 New Hampshire from another state, to represent
19 the interests of residential utility customers.

20 So, I don't buy the premise that PSNH
21 can come before you and say "Oops, we don't run
22 this plant. We're not responsible for its
23 operation, *et cetera*, *et cetera*. You know, we're
24 just the conduit." They are not just the

1 conduit. They own this contract. My
2 constituency doesn't own the contract, and none
3 of you own the contract either, because none of
4 you were here as Commissioners at the time.

5 And none of this is directed personally
6 at Mr. Wiesner, because the record shows that he
7 personally was in that docket, back in 2010,
8 representing opponents of the very PPA that we
9 are now all still grappling with.

10 So, my recommendation to the Commission
11 would be, I'm not sure that "provisional" SCRC
12 rates make any sense. I think Mr. Eckberg's
13 point about the potential implications for Part 1
14 stranded costs are probably well-taken, given
15 that we're talking about securitized stranded
16 costs here, and so that revenue stream is
17 essentially guaranteed by the State, and we
18 shouldn't undermine that guarantee.

19 But, as to the costs associated with
20 the Berlin BioPower Power Purchase Agreement,
21 ratepayers are owed a pile of money, and the
22 Commission -- I don't have the kind of rate
23 analysts on my staff to figure out how all this
24 should work, I just don't. But somebody who does

1 should figure out a way to get this money back to
2 ratepayers ASAP. And, if that means that the
3 Company has to up-front some costs, that's fine
4 with me, because this Company went before you,
5 back in 2010, and told you what a great deal this
6 was for ratepayers, and the Commission said
7 "Okay". Well, it hasn't been okay, and it's time
8 the ratepayers were made whole.

9 So, hopefully, that meets your
10 expectations for a fiery peroration.

11 I note that there are some outstanding
12 record requests. You alluded to the possibility
13 of conducting further hearings. We really need
14 to figure this out.

15 I guess that's all I have to say.

16 CHAIRMAN GOLDNER: Thank you, Attorney
17 Kreis.

18 We'll turn to the Company, and Attorney
19 Wiesner.

20 MR. WIESNER: Before I begin, and
21 that's a tough act to follow, I would like to
22 clarify the outstanding record requests, and the
23 deadline for submitting them.

24 CHAIRMAN GOLDNER: I can -- fire away,

1 and I'll see if it matches my list.

2 MR. WIESNER: I think I have three.

3 CHAIRMAN GOLDNER: I have, like, six,
4 but maybe some of them were attended to during
5 the discussion. So, go ahead, and I'll see, and
6 the Commissioners will check with me to make sure
7 that their requests were made.

8 MR. WIESNER: I think the first one
9 that I have that was designated as a "record
10 request outstanding" is a description of the
11 methodology that the Company uses in projecting
12 the Burgess output for the upcoming SCRC period,
13 February through the end of January 2025.

14 CMSR. SIMPSON: That's correct.

15 CMSR. CHATTOPADHYAY: If I may, I think
16 I may not have said it clearly, I would like to
17 have the data for the last two years' production,
18 monthly production from Burgess. So, that could
19 be part of this.

20 CHAIRMAN GOLDNER: I captured that as
21 well, yes.

22 CMSR. CHATTOPADHYAY: Thank you.

23 MR. WIESNER: So, is that one record
24 request that covers two, two questions?

1 CHAIRMAN GOLDNER: I think so. I think
2 so. And I would just add to that, though, I
3 didn't at the time, if the Company can, with the
4 methodology, include the numbers that they have
5 used. So, Commissioner Chattopadhyay has asked
6 for the history of the output. We should
7 include, I think, not only the methodology, but
8 the twelve months of output that you forecasted,
9 so we have the whole picture.

10 MR. WIESNER: Okay. That's a helpful
11 clarification.

12 *[Record Request No. 1 noted]*

13 MR. WIESNER: I think the next one that
14 I noted as a "record request" is to state the
15 beginning balance of the Excess Cumulative
16 Reduction. And, to me, there's an issue with the
17 premise of that question, because it is not a
18 fixed amount of money that will be collected over
19 time. As we, you know, I think established
20 through redirect testimony, it is, in effect, an
21 accounting mechanism, and it is continually
22 changing. Because the payments that are made to
23 the plant, the contract price versus the market
24 price, and the production output all factor into

1 that. And that's part of what we see in Table 3,
2 and as we -- the table that's included with the
3 Record Request 1-003, as well as the recent
4 update that was filed by Ms. LaMontagne in the
5 other docket.

6 CHAIRMAN GOLDNER: Just a moment,
7 Attorney Wiesner. Just a moment please.

8 *[Chairman Goldner and Atty. Speidel*
9 *conferring.]*

10 CHAIRMAN GOLDNER: Yes. So, let me
11 turn to the 1-003.

12 So, what we're trying to understand is,
13 we've started off this docket, from our
14 perspective, without grounding. We're sort of
15 floating in space. We start with the 70.595
16 number, whether it's an accounting feature or a
17 balance, I'm not sure that that matters, at least
18 from my point of view. But, to understand, to
19 ground us, in terms of where we are, we had a
20 \$100 million original sort of -- I'll call it a
21 "balance", for lack of a better description, that
22 was forgiven. Now, we have this roughly \$70
23 million that is -- that needs to be repaid to
24 ratepayers. So, we're just trying to make sure

1 that we're grounded in the right place.

2 And, so, Attorney Wiesner, I know
3 you're using different language than I am, with
4 accounting and so forth, but I was hoping we
5 could get the baseline for this docket, you know,
6 solidified.

7 MR. WIESNER: And, again, I can take
8 exception to the notion that there's a
9 "baseline". The letter that Ms. LaMontagne filed
10 on Tuesday, in Docket 19-142, was, you know, the
11 Company's update of the Excess Cumulative
12 Reduction balance as of that time. But it is a
13 moving target, with moving parts. And, at any
14 given point, it's going to be a different amount.
15 And it's not a fixed amount that will be
16 recovered over a fixed period of time. I think
17 that's what Table 3 suggests, and that table is
18 based on the forward energy market's projections
19 that were well -- that were known at the time
20 when it was put together.

21 CHAIRMAN GOLDNER: So, a couple of
22 clarifications.

23 One is that, I'm reading from Ms.
24 LaMontagne's note here, she says "The current

1 Excess Cumulative Reduction Amount over the \$100
2 million cap for the period ending December 31st,
3 2023, is \$70,902,064.86."

4 But you would agree, Mr. Wiesner, that
5 that is the Cumulative Reduction Amount as of
6 December 31st, 2023, right? That's the Company's
7 statement of fact?

8 MR. WIESNER: Yes. I think that is the
9 updated information that was provided to the
10 Commission in the other docket. And, I mean, I
11 would not object if the Commission wanted to take
12 administrative notice of that letter in this
13 docket.

14 CHAIRMAN GOLDNER: Okay. Thank you.
15 And, so, I'm probably not using refined enough
16 language, but, if we use as a -- as the number,
17 the amount, that ratepayers are owed back by --
18 ultimately, by Burgess, through Eversource, that
19 \$70.9 million number, as of December 31st, 2023,
20 is correct?

21 MR. WIESNER: That is the amount of the
22 Excess Cumulative Reduction that is subject to
23 the offset mechanism, understanding that the
24 amount of the Excess Cumulative Reduction is

1 effectively a running balance that is marked to
2 market prices. So, the continuing delta between
3 the contractual price and the market price feeds
4 into the ongoing accounting mechanism that
5 results in the Excess CRF.

6 CHAIRMAN GOLDNER: One hundred percent
7 agree.

8 And, so, I would just first point out
9 that Ms. Chen's spreadsheet in 1-003 was
10 extremely helpful to the Commission, helped us
11 understand what was happening. And, so, I think,
12 from -- at least from my point of view, that
13 70.9 million is the number after which is
14 adjusted with everything that is on this
15 spreadsheet.

16 And I'll just make this point, Attorney
17 Wiesner. I think that the real number that
18 fluctuates, relative to the ratepayers getting
19 paid back, is the output from Burgess. The
20 contract price is set. This variance in the
21 output is the main issue. The delta between
22 market price and contract price is actually
23 relatively small. It's only 12 million in this
24 analysis, versus 43 million in the -- in the

1 contract price issue. So, I don't debate that
2 both factor into it, but the primary issue is the
3 output of the factory, times the contract price,
4 that adjusts the balance.

5 MR. WIESNER: I mean, the contract
6 price adjusts periodically as well, to track fuel
7 costs for the plant. And, also, the wholesale
8 market prices can vary dramatically.

9 And my understanding is that the
10 difference between Ms. LaMontagne's letter and
11 what we have previously estimated is driven
12 primarily by market prices, and not by, you know,
13 one month differential in plant output.

14 But that's, I mean, I'm probably
15 talking out-of-school in saying that.

16 CHAIRMAN GOLDNER: Yes, it's hard,
17 where the Commission doesn't know either, because
18 we don't know the output. But Record Request
19 Number 1 will answer that question, so we'll
20 understand what the output is. From it, we can
21 calculate the market -- or, I should say the
22 "contract price". And, so, it will become much
23 clearer, I think, with that Record Request
24 Number 1.

1 So, I think I diverted us from the main
2 topic, which was to document the record requests.
3 And I think that, Attorney Wiesner, we were
4 trying to sort out this, I guess what we're
5 requesting here, isn't it, is an updated 1-003?
6 Now that we have actuals all the way through
7 December, we can now update that for the
8 following twelve months with the Company's latest
9 projections, to understand what the Company's
10 current position is, which will probably line up
11 with Ms. LaMontagne's letter.

12 MR. WIESNER: So, that's an update of
13 the table that was provided that covers the
14 Operating Year December '23 through
15 November 30th, 2024?

16 CHAIRMAN GOLDNER: Yes. I think the
17 operating year, which was incomplete here, but
18 you actually had a spreadsheet that you submitted
19 in the status update that was complete, but it
20 would go from December '23 -- December 2023
21 through January of 2025, and that would give us
22 the full year. The 1-003 table wasn't complete.

23 MR. WIESNER: Well, we're talking about
24 different years. One of them is the Operating

1 Year under the PPA, and the other is the SCRC
2 rate period. And they're two different
3 twelve-month periods.

4 CHAIRMAN GOLDNER: If the record
5 request, if they could go through December -- I'm
6 sorry, January of 2025, that would be very
7 helpful, because then we could see the full SCRC
8 year.

9 MR. WIESNER: Okay. So, basically, an
10 update of that table, with an additional two
11 months.

12 CHAIRMAN GOLDNER: Yes.

13 *[Record Request No. 2 noted]*

14 MR. WIESNER: Okay. And I think the
15 third record request that I had written down was
16 the chart showing the monthly and resulting
17 annual payments for energy, capacity, and RECs
18 made to the plant.

19 CHAIRMAN GOLDNER: That's correct, made
20 to Burgess. So, that would be the energy
21 payments, RPS capacity in dollars, and also the
22 resulting dollars per megawatt-hour.

23 Just a moment. Just a moment, Attorney
24 Wiesner. Sorry, just a moment.

1 *[Chairman Goldner and Atty. Speidel*
2 *conferring.]*

3 CHAIRMAN GOLDNER: Okay. Did you have
4 anything else, Attorney Wiesner? We had a couple
5 of additional ones, but maybe --

6 MR. WIESNER: Well, just on this Record
7 Request Number 3, as I have it, what period does
8 that cover?

9 CHAIRMAN GOLDNER: That would be the
10 period from December 2023 through January of
11 2025, inclusive.

12 MR. WIESNER: So, those are
13 projections?

14 CHAIRMAN GOLDNER: Yes. The December
15 number would now turn into an actual, and
16 everything else would be a projection.

17 MR. WIESNER: Not exactly sure when the
18 invoices are paid to the plant. But we'll -- and
19 that goes to the deadline for these record
20 requests. But we'll give you the most current
21 information.

22 CHAIRMAN GOLDNER: Thank you. Perfect.

23 *[Record Request No. 3 noted]*

24 CHAIRMAN GOLDNER: And, then, we had, I

1 think, the "subject to check" question of the
2 percentage for Commissioner Chattopadhyay of the
3 Burgess load, relative to the overall Company
4 load.

5 Commissioner Chattopadhyay, did I get
6 that right, or was there anything additional to
7 that question?

8 CMSR. CHATTOPADHYAY: No. It's more, I
9 would say, the Burgess production, relative to
10 the --

11 CHAIRMAN GOLDNER: Okay.

12 CMSR. CHATTOPADHYAY: Yes. The rest
13 of, you know, total load.

14 MR. WIESNER: I think it was confirmed
15 by Ms. Chen on the stand, that the "6.5 percent"
16 is correct.

17 CHAIRMAN GOLDNER: That she said
18 "subject to check". And, so, our new Commission
19 rule is now we actually have to check.

20 *[Atty. Wiesner and Ms. Chen*
21 *conferring.]*

22 MR. WIESNER: So, I'm told that the
23 check has occurred, and we can confirm that
24 percentage. Of course, the witness has been

1 excused, so --

2 CHAIRMAN GOLDNER: I think that's --
3 we'll still rule that as "acceptable". So, thank
4 you.

5 MR. WIESNER: So, no need for a record
6 request?

7 CHAIRMAN GOLDNER: No need for a record
8 request. We just wanted to get an idea if it was
9 bigger than a breadbox.

10 Okay. And, then, the last one was this
11 question that was debated sort of extensively,
12 but running the -- I'll call it the "ECRF
13 number", the \$70.6 million number, running that
14 all the way to zero. So, the previous record
15 request was running it through January '25, which
16 you'll have higher confidence with the numbers
17 that run through twelve months. But we'd also
18 like a projection, from a ratepayer point of
19 view, when we can expect to run all this to zero,
20 recognizing there's lots of variables, lots of
21 changes. But we were trying to get a handle on
22 how long that this will take, given 1-003, it
23 looked like it was going to be two, two and a
24 half, maybe three years, given Ms. LaMontagne's

1 forecast, now it looks like it might be infinity.
2 So, we're just trying to get the Company's best
3 estimate of when we get back to zero.

4 MR. WIESNER: Well, I'm not sure our
5 spreadsheets go to infinity. So -- but can we
6 say "three years", and show you what that looks
7 like?

8 CHAIRMAN GOLDNER: Sure. Thank you.

9 MR. WIESNER: So, basically, we're
10 talking about the table that we just talked about
11 that we will update for the additional two
12 months, running that forward for two additional
13 years?

14 CHAIRMAN GOLDNER: I think that would
15 be perfect. So, that --

16 MR. WIESNER: And, to be clear, when
17 we -- we'll say "SCRC Years".

18 CHAIRMAN GOLDNER: "SCRC Years". Thank
19 you. Thank you.

20 *[Record Request No. 4 noted]*

21 CHAIRMAN GOLDNER: And, then, just, you
22 know, basically, and this is true in all cases,
23 just let us know what your assumptions are. If
24 you've got a load forecast, you've got contract

1 prices, it just is helpful for the Commission to
2 understand what underlies it. Otherwise, we get
3 to hearing and then we have to ask all the
4 questions, and that's boring. So, to the extent
5 that you can help us to understand the underlying
6 assumptions, that will be very helpful.

7 I think that's it. Commissioners, were
8 there any other record requests that I missed?

9 CMSR. CHATTOPADHYAY: I'm not sure that
10 is the case. But I just -- I got a little
11 confused when the back-and-forth on this \$70.9
12 million issue was happening.

13 It would be helpful to me to have some
14 explanation as to how that number was arrived at.
15 So, it's not -- I'm not talking about something
16 being moving targets, nothing like that. But,
17 and even in the letter, the 70.902, how was that
18 calculated? That might help.

19 Maybe that was covered in one of the
20 questions.

21 CHAIRMAN GOLDNER: Okay. And we'll,
22 from the Bench, we'll take administrative notice
23 of the letter dated January 16th, from Luann
24 LaMontagne, in Docket 19-142. So, just to clear

1 that up, Attorney Wiesner, per your request.

2 [Administrative notice taken of the
3 letter from Luann LaMontagne, dated
4 01-16-24, in Docket DE 19-142.]

5 CHAIRMAN GOLDNER: Okay. Any other
6 administrative issues?

7 MR. WIESNER: So, that's another record
8 request that Commissioner Chattopadhyay just
9 outlined, which is a more detailed explanation of
10 how the Excess Cumulative Reduction is
11 determined?

12 CMSR. CHATTOPADHYAY: Correct.

13 MR. WIESNER: That is separate. Okay.

14 CHAIRMAN GOLDNER: Thank you.

15 [Record Request No. 5 noted]

16 MR. WIESNER: And I am thinking we can
17 get these to you by the close of business
18 Tuesday, is that a sufficient amount of time?
19 Again, we had hoped -- we had asked for an order
20 to be issued by Thursday.

21 CHAIRMAN GOLDNER: Yes. Thank you.
22 Close of business Tuesday would be helpful.

23 I think we received the input from the
24 DOE. And, if you mentioned this, Mr. Wiesner,

1 and I missed it, I apologize. But, on the
2 Part 1, would you have any concerns if that was
3 provisional? Does that provide any -- does that
4 make any financial concerns for the Company?

5 MR. WIESNER: Well, I was going to
6 cover that in my closing statement, when we get
7 to it. I think I agree very strongly with Mr.
8 Eckberg that, I mean, I think we would much
9 prefer that the approval not be provisional in
10 any respect. But I do believe that, with respect
11 to the Part 1 stranded cost, it's very clear for
12 any Commission order issued this -- next week to
13 make it clear that that approval is not
14 provisional.

15 CHAIRMAN GOLDNER: Okay.

16 MR. WIESNER: I don't -- you know, we
17 don't need to worry our friends on Wall Street.

18 CHAIRMAN GOLDNER: Understand. Okay.
19 Thank you for that clarification.

20 So, I think, does that clear up the
21 record requests?

22 Yes. Just a moment please.

23 *[Chairman Goldner, Cmsr. Chattopadhyay,*
24 *and Cmsr. Simpson conferring.]*

1 CHAIRMAN GOLDNER: All right. Attorney
2 Wiesner, I think we're ready to close, when
3 you're ready.

4 MR. WIESNER: Thank you, Mr. Chairman.
5 Thank you, Commissioners.

6 I'll just say that -- well, let me
7 begin by saying, the Stranded Cost Recovery
8 Charge has grown to the point where it covers a
9 number of different rate components. Some of
10 them are highly fixed, like the Part 1 Stranded
11 Cost Rate Reduction Bonds. Others are moving
12 targets, with moving pieces, and, you know,
13 estimates versus annual reconciliations, as the
14 rate is currently structured. A number of adders
15 are also a part of it. And, as with any
16 reconciling rate mechanism, including one -- and,
17 in particular, one like this, that covers so many
18 different components, it is always a grab bag of
19 estimates versus actuals. And the Company does
20 its best job of estimating what the future will
21 look like, generally based on historical
22 experience, averaging. It is rough justice,
23 there's no question.

24 And, then, there's a true-up against

1 what actually happens. None of us can predict
2 all the different variables that will affect
3 those rate components over the course of the
4 year. That is particularly true with items that
5 are entirely outside the Company's control, such
6 as, but not limited to, the production of the
7 Burgess plant, the production of net metered
8 distributed generation, and, as well, the market
9 prices, which are affected by region, national,
10 and global events, and can change very quickly.

11 That's true as well for the REC prices.
12 It's a regional REC market. Some of the same
13 facilities, as I understand it, that are eligible
14 for Class I in New Hampshire, are eligible in
15 other states, too. It's a dynamic market. It
16 may not be a transparent market. So, it's hard
17 to get a handle on what those prices might be.

18 The Company does the best it can to
19 estimate what the future will look like, the
20 rates are set. And, then, we come back a year
21 later, under the current paradigm, and look at
22 what happened previously, and make new estimates
23 going forward.

24 I'll just note that, very recently, the

1 Commission approved a change in the SCRC
2 calendar, from a semi-annual adjustment to an
3 annual adjustment. We used to do this every six
4 months, and now it's once a year. That is just
5 the nature of the beast.

6 And no matter how much effort we try to
7 put in to getting the estimates right, they will
8 always be educated guesses, and they will
9 undoubtedly be wrong. And that is the basis for
10 the annual true-up. That's true of any
11 reconciling rate mechanism. It may be heightened
12 here, because of the exposure onto the adders to
13 wholesale market prices, which are quite
14 volatile, as we've seen over the past year and a
15 half.

16 So, I will also say that the Burgess,
17 with specifically to the Burgess PPA, the
18 Commission some years ago, and as Attorney Kreis
19 reminded me, I was sitting in this room, on the
20 back benches, not on the front table at the time,
21 and that contract was approved by the Commission
22 as being in the public interest, and,
23 subsequently, the Commission also approved the
24 Company to recover from ratepayers the

1 above-market costs of that contract.

2 This is not -- I will say there's
3 really no opportunity to relitigate that
4 decision. And it's certainly not in this
5 context. The Burgess PPA is in effect, approved
6 by the PUC. The Company is complying with it,
7 has complied with it, and intends to comply with
8 it, including the offset mechanism that we've
9 discussed at length during this docket, which is
10 now in effect, because the four-year legislative
11 suspension has lapsed.

12 So, you know, we can show you what that
13 looks like, we will show you what that looks like
14 in response to the record request responses, but,
15 you know, on an estimated, forward-projection
16 basis. But there's really no opportunity to vary
17 from what has previously been approved and what
18 is contractually required.

19 So, with all that as introduction, you
20 know, I will say that, you know, the Company does
21 support the SCRC rates that have been proposed.
22 We believe the record demonstrates, through the
23 initial filings, the updated filings, and the
24 live testimony you've heard this morning, that

1 the proposed rate adjustments have been
2 calculated accurately and appropriately to allow
3 approval by the Commission, with the
4 understanding that they include estimates for
5 future periods.

6 In particular, we ask the Commission
7 approve the updated average SCRC rates, including
8 the adders: The RGGI Rebate adder, Chapter 340
9 adder, the Environmental Remediation adder, and
10 the Net Metering adder, all for effect on
11 February 1st, 2024, and as set forth in
12 Exhibit 2, in the testimony, at Bates Page --
13 Bates Pages, excuse me, 012 and 013, and in the
14 proposed tariff pages that are filed with the
15 Exhibit 2 filing, at Bates Pages 090 and 092.

16 We appreciate the time and efforts of
17 the Commission and the parties in this docket to
18 review the Company's filing, the proposed SCRC
19 rate adjustments. And we ask that the Commission
20 approve the rate adjustments promptly, so that
21 the new rates may become effective February 1st.

22 Thank you.

23 CHAIRMAN GOLDNER: Thank you.

24 So, having heard no objections to

1 Exhibits 1 and 2, we'll strike ID and enter them
2 into evidence.

3 Is there anything else that we need to
4 cover today?

5 *[No verbal response.]*

6 CHAIRMAN GOLDNER: Okay. Seeing none.
7 We'll take the matter under advisement, issue an
8 order regarding this matter, in advance of
9 February 1st, as requested by the Company. The
10 hearing is adjourned.

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

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