

**THE STATE OF NEW HAMPSHIRE**  
**BEFORE THE**  
**NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**  
**PREPARED TESTIMONY OF ERICA L. MENARD**  
**FEBRUARY 1, 2021 THROUGH JULY 31, 2021**  
**DEFAULT ENERGY SERVICE RATE CHANGE**

**Docket No. DE 20-054**

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

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

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

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

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

14 A. Yes.

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

2 A. The purpose of my testimony is: (1) to provide an overview of this filing; and (2) to seek  
3 the necessary approvals to set a fixed ES rate for the Small Customer class (Rates R, R-  
4 OTOD, G, G-OTOD, and any outdoor lighting associated with those rates billed under  
5 Rates EOL and OL), and a monthly ES rate for the Large Customer class (Rates GV, LG,  
6 B, and any outdoor area lighting taken in conjunction with these rates billed under Rate  
7 OL) applicable for the six-month period beginning February 1, 2021 for Eversource's  
8 customers who take service under the ES rate.

9 **Q. Please explain the ES rates for which the Company is seeking approval.**

10 A. In this proceeding, consistent with the Settlement Agreement approved in Docket No. DE  
11 17-113, Eversource is requesting that the Commission review and approve a fixed six-  
12 month ES rate for the Small Customer class for the period of February 1, 2021 through  
13 July 31, 2021 based on the weighted average of the six monthly-contracted prices  
14 contained in the supply agreement(s) with the winning ES supplier(s) for the Small  
15 Customer class. The fixed ES rate for the period of February 1, 2021 through July 31,  
16 2021, for the Small Customer class is \$0.06627 per kWh as calculated on page 1 of  
17 Attachment ELM-1.

18 The Company is also requesting that the Commission review and approve a monthly-  
19 variable ES rate for the Large Customer class for the period of February 1, 2021 through  
20 July 31, 2021 based on the six monthly-contracted prices contained in the supply

1 agreement with the winning ES supplier for the Large Customer class. The monthly ES  
2 rates for the period of February 1, 2021 through July 31, 2021, for the Large Customer  
3 class, as calculated on page 2 of Attachment ELM-1, are as follows:

<b>Large Customer Energy Service Rates</b>	
<b>Month</b>	<b>Rate (\$/kWh)</b>
February 2021	\$0.07869
March 2021	\$0.07140
April 2021	\$0.06753
May 2021	\$0.06280
June 2021	\$0.05809
July 2021	\$0.06332

4 **Q. Please describe the detailed support for the calculation of the Small Customer and**  
5 **Large Customer ES rates.**

6 A. Attachment ELM-1 (page 1) provides the calculation of the total monthly ES rates for the  
7 Small Customer class including (i) the cost of RPS compliance, (ii) prior period  
8 reconciliations for ES and RPS, (iii) the cost of administrative and general expense  
9 associated with the ES offering and, (iv) a Working Capital adjustment. The weighted  
10 average fixed rate for the six-month period is calculated on Line 13.

11 Attachment ELM-1 (page 2) provides the calculation of the total monthly ES rates for the  
12 Large Customer class including (i) the cost of RPS compliance, (ii) prior period  
13 reconciliations for ES and RPS, (iii) the cost of administrative and general expense  
14 associated with the energy service offering and, (iv) a Working Capital adjustment. The  
15 monthly rates for the six-month period are calculated on Line 11.

1 Attachment ELM-1 (page 3) provides the forecasted administrative and general expenses  
2 associated with the energy service offering. The A&G adjustment factor is calculated on  
3 Line 8.

4 Attachment ELM-2 (pages 1 and 2) provides a reconciliation of the Small Customer and  
5 Large Customer ES costs and revenues for the 12-month period ended July 31, 2020.  
6 Actuals through May 2020 were provided in the Company's June 11, 2020 filing for rates  
7 effective August 1, 2020. This reconciliation is being provided in this filing for  
8 informational purposes only and will be submitted along with the reconciliation of the  
9 amounts for rates effective August 2021.

10 Attachment ELM-2 (page 3) provides administrative and general expense allocations to  
11 the Small Customer and Large Customer rate classes, for the 12-month period ended July  
12 31, 2020. Actuals through May 2020 were provided in the Company's June 11, 2020  
13 filing. This reconciliation is being provided in this filing for informational purposes and  
14 will be submitted along with the reconciliation of the amounts for rates effective August  
15 2021.

16 Attachment ELM-2 (page 4) provides a reconciliation of the RPS expense and revenues  
17 included in the ES rate for the 12-month period ended July 31, 2020. Actuals through  
18 May 2020 were provided in the Company's June 11, 2020 filing for rates effective  
19 August 1, 2020. This reconciliation is being provided in this filing for informational

1 purposes only and will be submitted along with the reconciliation of the amounts for rates  
2 effective August 2021.

3 Attachment ELM-3 (pages 1 and 2) provides a preliminary reconciliation of the Small  
4 Customer and Large Customer ES costs and revenues for the 12-month period ended July  
5 31, 2021.

6 Attachment ELM-3 (page 3) provides a preliminary reconciliation of the A&G costs and  
7 revenues for the 12-month period ended July 31, 2021.

8 Attachment ELM-3 (page 4) provides a preliminary reconciliation of the RPS costs and  
9 revenues for the 12-month period ended July 31, 2021.

10 Reconciling factors will be updated in the calculation of the ES rates effective August 1,  
11 2021. This is consistent with Section 2.H of the Settlement Agreement approved in  
12 Docket No. DE 17-113.

13 **Q. Has the Company calculated the customer bill impacts for the proposed February 1,**  
14 **2021 ES rate change?**

15 A. Yes. The rate impacts are provided in Attachment ELM-5.

16 • Page 1 provides a comparison of residential rates proposed for effect February 1,  
17 2021 to current rates effective August 1, 2020 for a 550 kWh monthly bill, a 600  
18 kWh monthly bill, and a 650 kWh monthly bill.

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

6 The rate impacts provided in Attachment ELM-5 incorporate changes in the Distribution  
7 rate reflecting the temporary rates approved in Docket No. DE 19-057 and the ES rate  
8 change proposed in this filing.

9 **Q. Did the Company include a working capital component for energy supply and**  
10 **renewable energy credits in the calculation of the Energy Service rates in this filing?**

11 A. Yes. In Order No. 26,237 issued on April 25, 2019 in Docket No. DE 18-073, the  
12 Commission authorized Eversource to use the results of a lead/lag study in the calculation  
13 of working capital requirements for ES rates. The Company's most recent lead-lag study  
14 was filed in the June 11, 2020 filing for ES rates effective August 1, 2020. That same  
15 study is included as Attachment ELM-4 in this filing and utilizes the results of the study  
16 to calculate cash working capital requirements for ES rates effective February 1, 2021.

17 **Q. Are net metering costs included in this Energy Service rate?**

18 A. In the Company's June 11, 2020 filing for rates effective August 1, 2020, the Company  
19 indicated its intent to transfer net metering costs from its ES rate, for costs beginning  
20 February 2020, to its SCRC rate. In Order No. 26,368 at 7 (June 18, 2020), the

1 Commission declined to evaluate the proposed net metering cost transfer in the Energy  
2 Service docket and proposed to evaluate as part of the DE 20-095 SCRC docket. At the  
3 time that the August 1, 2020 rate were approved, the net metering purchase power  
4 expense from February 2020 through August 2020 had been removed from the ES rate  
5 and included in the SCRC rate.

6 In Order No. 26,387 at 6 (July 31, 2020) as part of the SCRC rate, the Commission  
7 required Eversource “to remove net metering costs from the SCRC and file a new  
8 calculation of the SCRC without those costs included.” The Order goes on to state that a  
9 new docket will be opened “to determine the appropriate recovery mechanism and rate  
10 treatment for Eversource’s net metering costs and group host costs.” On page 7, the  
11 Commission noted that “Eversource has previously recovered net metering costs in its  
12 energy service rates and may include those costs in its next energy service filing if a new  
13 recovery mechanism has not been approved before that filing is made.”

14 Since that Order, a new docket has been opened, Docket No. DE 20-136, to review cost  
15 recovery associated with net metering and group host costs. Eversource, Staff, the Office  
16 of Consumer Advocate and Clean Energy New Hampshire have participated in several  
17 technical sessions and Eversource has provided responses to discovery. These parties  
18 have been negotiating a resolution and Eversource expects to file a settlement agreement  
19 imminently that will specify the calculation of the net metering costs and how they will  
20 be recovered through the SCRC rate. While that settlement agreement has not been

1 approved as of this rate filing, the Company deemed it prudent to not include the net  
2 metering costs in this ES rate and has included those costs in the SCRC rate. The  
3 preliminary SCRC rate filing, including those costs, will be made in December and  
4 updated in January for rates effective February 1, 2021.

5 **Q. Did the Company include Accumulated Deferred Income Taxes (ADIT) in its**  
6 **calculation of carrying charges related to the Small and Large Energy Service and**  
7 **RPS reconciliations as part of this filing?**

8 A. Yes. However, in Order No. 26,368 issued on June 18, 2020 at 7, the Commission  
9 directed “Staff to conduct an inquiry into the accounting issues raised and to recommend  
10 whether an adjustment is required in Eversource’s next energy service filing” for ES rates  
11 effective February 1, 2021.

12 **Q. What is the purpose of including ADIT in the calculation of carrying charges**  
13 **related to the Small and Large Energy Service and RPS reconciliations?**

14 A. In prior years’ filings regarding the provision of ES and Stranded Costs, the filings  
15 included costs associated with the Company’s ownership of generation assets and the rate  
16 base associated with those assets. As part of the rate calculations for ES and SCRC rates,  
17 ADIT was included in the calculations of carrying charges in those rates to account for  
18 the timing differences between the collection of funds for payment of taxes and the actual  
19 payment of those taxes. However, given that the Company has divested its generation  
20 assets and eliminated any related rate base treatment of those assets, the need to include

1 ADIT in the calculation of carrying charges is not as necessary since the timing  
2 difference related to the over or under recovery is only short-term.

3 **Q. Has the Company participated in a Staff inquiry into the accounting issues related**  
4 **to ADIT?**

5 A. Yes. On November 30, 2020 the Company and Staff discussed and reviewed the  
6 accounting issues related to ADIT and whether it was appropriate to include ADIT in its  
7 calculation of carrying charges related to the RPS reconciliation, and other reconciliation  
8 rate elements.

9 **Q. Has the Company and Staff agreed to any recommendation(s) as to whether an**  
10 **adjustment is required as part of this filing?**

11 A. Yes. The Company and Staff agreed that the adjustment to exclude ADIT should be  
12 removed from the calculation of carrying charges on the over or under recovery  
13 associated with the Small and Large ES and RPS reconciliation components of the ES  
14 rate beginning in the upcoming ES filing for ES rates effective August 1, 2021, which is  
15 the next time the reconciliation rate elements would be updated. At that time an  
16 adjustment to exclude ADIT from the calculation of carrying charges would begin.  
17 Accordingly, while the ADIT adjustment remains in this filing, it will not be in future  
18 filings.

1 **Q. Will the exclusion of ADIT have an impact on the Company's other reconciling rate**  
2 **mechanisms?**

3 A. Yes, similar to the ES rate, the Company and Staff agreed to exclude ADIT from the  
4 calculation of carrying charges in the SCRC and TCAM rate reconciliation filings for  
5 those rates effective on August 1, 2021. The relevant adjustments will be made in each  
6 of those filings at the time they are made.

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

8 A. Yes, updated tariff pages have been provided as Attachment ELM-6.

9 **Q. Does Eversource require Commission approval of this rate by a specific date?**

10 A. Yes, Eversource is seeking final approval of the proposed ES rates by December 17, 2020  
11 to allow for appropriate notice to customers and to implement the new rates for service  
12 rendered on and after February 1, 2021.

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

14 A. Yes, it does.