

THE STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF ERICA L. MENARD
STRANDED COST RECOVERY CHARGE RATE
UPDATED RATES EFFECTIVE AUGUST 1, 2020
Docket No. DE 20-095

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

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

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

8 A. Yes, I have.

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

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

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

2 A. Eversource is submitting a petition to adjust SCRC rates effective August 1, 2020 and
3 pre-filed testimony supporting the updated rate calculations to the previously submitted
4 preliminary rates filed on June 11, 2020. The purpose of this testimony is to: (1) provide
5 an overview of this filing; and (2) to seek the necessary approvals to set the average
6 SCRC rates, including the RGGI adder and Ch. 340 adder, that will take effect August 1,
7 2020.

8 **Q. Has the SCRC rate been calculated consistent with the February 1, 2019 SCRC**
9 **rates that were approved by Order No. 26,215 in Docket No. DE 18-182?**

10 A. Yes, the updated August 1, 2020 SCRC rates have been prepared consistent with the last
11 approved SCRC rates.

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

14 A. The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F
15 and 369-B. The PSNH Restructuring Settlement, approved in Order No. 23,549, defined
16 PSNH's stranded costs and categorized them into three different parts (i.e., Part 1, 2 and
17 3). The Settlement Agreement in Docket No. DE 19-142 related to the Burgess
18 BioPower Power Purchase Agreement created the Chapter 340 Adder.
19 Part 1 costs were composed of the RRB Charge, which was calculated to recover the
20 principal, net interest, and fees related to the original Rate Reduction Bonds ("RRBs").

1 These original RRBs were fully recovered as of May 1, 2013. As part of Eversource's
2 divestiture of its generating facilities under the settlement in Docket No. DE 14-238, new
3 RRBs were issued in May 2018 and are included as Part 1 costs in the SCRC rate.

4 Part 2 costs are "ongoing" stranded costs consisting primarily of the over-market value of
5 energy purchased from independent power producers ("IPPs") and the amortization of
6 payments previously made for IPP buy-downs and buy-outs as approved by the
7 Commission. Also, as part of the divestiture of Eversource's generating facilities, Part 2
8 incorporates various new costs, including: the costs of retained power entitlements,
9 unsecuritized prudently incurred decommissioning (if any), environmental, or other
10 residual costs or liabilities related to the generating facilities.

11 Part 3 costs, which were primarily the amortization of non-securitized stranded costs,
12 were fully recovered as of June 2006.

13 The SCRC rate billed to customers includes the Regional Greenhouse Gas Initiative
14 ("RGGI") refund as required by RSA 125-O:23, II and Order No. 25,664 (May 9, 2014),
15 directing Eversource to rebate RGGI auction revenue it receives through the SCRC rate.

16 The Chapter 340 Adder recovers the costs of implementing 2018 N.H. Laws, Chapter
17 340, "AN ACT requiring the public utilities commission to revise its order affecting the
18 Burgess BioPower plant in Berlin, ... " ("Ch. 340" costs). The revenue requirement

1 necessary to recover Ch. 340 stranded costs will be allocated on an equal cents/kWh basis
2 for all customer classes. Any difference between the amount of Ch. 340 costs to be
3 recovered during any six-month period and the actual revenue received during that period
4 shall be refunded or recovered by PSNH with a return during the subsequent six-month
5 period by reducing or increasing Ch. 340 costs for the subsequent six-month period. The
6 return will be calculated using the Stipulated Rate of Return set forth in the Settlement
7 Agreement under Docket No. DE 17-096 on file with this Commission. Ch. 340 costs
8 will continue for as long as there are such costs to be recovered from or refunded to
9 customers by the Company.

10 **Q. What is Eversource requesting in this filing?**

11 A. Eversource is requesting a review of the updated August 1, 2020 average SCRC rates
12 (excluding the RGGI rebate amount and including the Ch. 340 Adder) provided in this
13 filing: 1.221 cents/kWh for Rate R customers compared to the current rate of 1.143
14 cents/kWh; 1.130 cents/kWh for Rate G customers compared to the current rate of 1.086
15 cents/kWh; 1.036 cents/kWh for Rate GV customers compared to the current rate of
16 0.975 cents/kWh; 0.734 cents/kWh for Rate LG customers compared to the current rate
17 of 0.635 cents/kWh; and 1.147 cents/kWh for Rate OL/EOL customers compared to the
18 current rate of 1.280 cents/kWh.

19 Attachment ELM-3 and Attachment ELM-4 provide the updated August 1, 2019 RGGI
20 adder rate calculation that results in the RGGI adder changing from the current rate of
21 negative 0.132 cents/kWh to negative 0.130 cents/kWh for all customer classes.

1 **Q. How do the updated rates compare the current rates?**

2 A. The table below provides a comparison of current rates to updated rates by rate class
3 (including Ch. 340 Adder).

Rate Class	Current Rate (cents/kWh)	Updated Rate (cents/kWh)
R	1.143	1.221
G	1.086	1.130
GV	0.975	1.036
LG	0.635	0.734
OL/EOL	1.280	1.147

4

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

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

1 **Q. What are the major reasons for the decrease in the SCRC rate from the rates**
2 **currently in effect?**

3 A. The decrease in the updated SCRC rates proposed for effect on August 1, 2020 as
4 compared to the current rates is due to overall lower Part 2 costs and higher Part 1 and
5 Part 2 revenues as compared to the February 1, 2020 rates. The table below provides
6 additional detail identifying the variance from the underlying cost in the rates that were
7 approved for February 1, 2020 and this August 1, 2020 updated rate filing.

Description	(\$000s)		
	Approved February 1, 2020 Rates	Updated August 1, 2020 Rates	Inc/(Dec)
SCRC Part 1 and 2 Revenues	(44,845)	(46,985)	(2,140)
Part 1 Costs	63,822	64,615	793
Part 2 Costs:			
Amortization and Return on IPP Buydowns/Buyouts	490	530	39
Above Market Non-Wood IPPs	1,279	343	(936)
Above Market Cost of Burgess	16,884	16,848	(35)
Above Market Cost of Lempster	1,202	1,788	586
Total Above Market IPP & PPA Costs	19,365	18,979	(386)
Energy Service REC Revenues Transfer	(12,518)	(12,584)	(66)
REC Sales Proceeds/RPS True-up	-	(2,061)	(2,061)
ISO-NE/Other O&M	-	97	97
Residual Generation O&M	-	(1,954)	(1,954)
Seabrook Costs/Credits	-	(1,017)	(1,017)
EDIT	(5,763)	(5,767)	(4)
Net Metering	-	3,737	3,737
Return	(656)	(969)	(314)
Total Part 2 SCRC Costs	918	(1,010)	(1,929)
1/31/20 (Over)/Under Recovery	(19,871)	(20,674)	(802)
Total Part 1 and 2 Costs plus 1/31/20 (Over)/Under Recovery	44,869	42,931	(1,938)
Revenues	(44,845)	(46,985)	(2,140)
Total Decrease in Costs	24	(4,054)	(4,078)
Ch. 340 Adder:			
Revenues	(33,576)	(33,267)	308
Operating Yr 6 Overpayment at equal %	5,267	5,267	-
Current Year Over \$100M	28,120	34,287	6,166
Return	189	475	286
Ch. 340 Adder (Over)/Under Recovery	0	6,761	6,761

8

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

3 A. Attachment ELM-1, page 1 provides the calculation of the average SCRC rates for the
4 five rate classes incorporating the cost allocation for each rate class defined in the
5 settlement agreement approved in Docket No. DE 14-238. Page 2 provides a summary of
6 2019 cost information related to the Part 1 and Part 2 costs. Page 3 provides the
7 estimated rate class specific RRB charges that were calculated using the RRB rates
8 established in the January 7, 2020 and July 9, 2020 Periodic RRB True-Up Advice letters
9 filed in Docket No. DE 17-096. Page 4 has been provided to reconcile the amount of
10 funds that are collected through the RRB charge by its inclusion in the SCRC with the
11 amount of funds that are in the Collection and Excess Funds trust accounts. It is
12 important to note that customers are not directly paying the principal, interest and fees
13 associated with the RRBs in the SCRC rate calculation. Instead, customers are paying an
14 RRB charge as part of the overall SCRC rate that results in remittances to the RRB trust
15 that are used to satisfy the principal, interest and fees of the RRBs. The RRB charge is
16 calculated to satisfy the principal, interest and fees of the RRBs using the forecasted
17 sales. Page 5 provides detailed cost information by month related to the Part 2 ongoing
18 costs, and summary information for the Burgess and Lempster contracts as well as cost
19 and actual revenues associated with the purchases of RECs from these contracts and the
20 transfer of REC revenues between the ES rate and the SCRC rate to account for the Class
21 1 RECs necessary to satisfy the Class 1 REC requirement for ES. Page 6 has been added
22 to provide additional details related to the Burgess and Lempster contracts as well as the

1 cost associated with the RECs purchased under these contracts and the transfer of
2 revenues between the SCRC and the ES rates. Page 6 also provides the calculation of the
3 over market energy costs as calculated per the Power Purchase Agreement with Berlin
4 BioPower. The overmarket costs are removed from Part 2 SCRC costs and collected from
5 customers through the Ch. 340 Adder. Attachment ELM-2, pages 1 through 6 provide the
6 detailed cost and revenue components relating to the SCRC reconciliation for the 12
7 months ended January 31, 2020.

8 **Q. How are the August 1, 2020 SCRC Part 1 Costs calculated?**

9 A. The Part 1 SCRC actual costs are shown in Attachment ELM-2, Page 3 and forecasted
10 costs are shown in Attachment ELM-1, Page 3. In the months that have been estimated
11 for this filing, the forecasted Part 1 SCRC costs are calculated using the RRB rates
12 established in the latest Routine True-up Letter dated July 9, 2020 in Docket No. DE 17-
13 096 multiplied by the forecasted sales for each rate class. Since there is a one-month lag
14 in the RRB remittance process, the forecasted sales are also reported on a one-month lag
15 on Attachment ELM-1, Page 3. These estimates represent a reasonable estimate of the
16 expected RRB charge remittances.

17 **Q. Were the RRB rates revised for the August 1, 2020 SCRC rate filing?**

18 A. Yes. The RRB rates applied to February 2020 through August 2020 were based on the
19 RRB rates in accordance with the Routine True-up Letter dated January 7, 2020 and also
20 filed in Docket No. DE 17-096. These rates were revised on July 9, 2020 in light of the

1 current COVID-19 pandemic and anticipated changes in remittances. The revised RRB
2 rates are incorporated into the updated SCRC rate filing beginning in September 2020. A
3 revised kWh sales forecast, consistent with the kWh sales forecast used throughout the
4 SCRC rate filing is applied to the RRB rates by class to calculate the revenue required to
5 apply to the to the Part 1 costs. Variances between estimated and actual revenue received
6 from Part 1 costs will be reconciled in the August 1, 2021 SCRC filing.

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

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

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

1 2019, the Ch. 340 Adder portion of the Burgess over market energy costs are
2 removed from SCRC Part 2 and recovered through the Ch. 340 Adder.

3 3. (Line 8) Lempster PPA: Effective April 1, 2018, the costs and market revenues
4 associated with the Lempster PPA are included in the SCRC. Line 8 shows the
5 net cost of the Lempster PPA. Additionally, provided in Attachment ELM-1 (page
6 6) is support for the underlying forecast assumptions related to the costs and
7 revenues associated with the Lempster PPA by month.

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

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

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

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

- 3 5. (Line 10): REC Sales Proceeds: As Class 1 RECs in excess of those necessary to
4 satisfy the energy service Class 1 REC requirement are sold, the proceeds
5 associated with the sales will be included in actual data.
- 6 6. (Line 11) ISO-NE Other: The costs included in this line are miscellaneous ISO
7 resettlement costs along with credits that were historically included in the ES rate.
- 8 7. (Line 12) Residual Generation O&M: The ongoing costs and liabilities associated
9 with the divested Generation assets. These include property tax refunds, pension
10 credits, commitments associated with the hydro plants, and legal fees associated
11 with lawsuits related to the Generation assets when they were owned by
12 Eversource.
- 13 8. (Line 13) Seabrook Costs and Credits: Charges and credits related to Seabrook
14 Power contracts between Eversource and North Atlantic Energy Company
15 (NAEC).
- 16 9. (Line 14) Excess Deferred Income Taxes (“EDIT”): At the end of 2017, the
17 Federal and State tax rates changed which resulted in EDIT. That excess is to be
18 refunded to customers.
- 19 10. (Line 15) Net Metering: Costs associated with net metering and group host net
20 metering have been moved from the Energy Service rate to the Stranded Cost rate
21 effective February 2020.

1 **Q. Are net metering costs included in the SCRC rate?**

2 A. Previous to divestiture, net metering costs had been included in the Energy Service rate
3 as a purchased power expense and that practice was simply carried forward after
4 divestiture. Upon further review, the Company has determined that net metering costs
5 should be recovered through the SCRC rate as that is the more appropriate place for those
6 costs after divestiture and consistent with the 2015 Settlement Agreement.

7 In the 2015 PSNH Restructuring & Rate Stabilization Agreement, lines 280-283 in the
8 Part 2 – IPP Costs, PPA Costs, and Other Non-Securitized Stranded Costs section state
9 “The Part 2 amount to be recovered through the SCRC each month will be the expenses
10 incurred by PSNH for the items listed above, less associated revenues and the revenue
11 from the sale of IPP and PPA entitlements in the wholesale market.”

12 IPP costs are defined in lines 120-122 and include the costs of purchases from “LEEPA
13 facilities.” LEEPA, in turn, is defined on line 126 as “The Limited Electrical Energy
14 Producers Act, RSA Chapter 362-A.” Because RSA 362-A:9 is the section of RSA
15 Chapter 362-A governing net metering, Eversource understands that net metering costs
16 should be recovered through Part 2 of the SCRC rate rather than the ES rate.

17 Beginning in February 2020, Eversource will include all net metered and group host costs
18 and any offsetting wholesale market revenues in Part 2 of the SCRC rate. As Eversource
19 had noted to the Commission previously, including the costs in the SCRC aligns these

1 costs with the intent of the 2015 divestiture settlement, helps assure that the Energy
2 Service rate is aligned with the market, and ensures that net metering costs are borne by
3 all Eversource customers, not just Energy Service customers. While this shift could,
4 arguably, have occurred prior to February 2020, because the amounts were relatively low,
5 and the process of addressing them is largely manual, Eversource had not prioritized the
6 transition. Though assuring that the costs are properly accounted for in the SCRC is still
7 essentially a manual process, Eversource believes that it is the correct way to account for
8 them, and as they have grown any additional delay would risk material distortion of the
9 Energy Service rate.

10 **Q. Could you please also provide additional details on the costs on Lines 3 through 16**
11 **on page 5 of Attachment ELM-2?**

12 A. The costs included on Lines 3 through 16 in this updated SCRC filing on page 5 of ELM-
13 2 are:

- 14 1. (Lines 3 through 6): Non-Wood IPPs: All costs and market revenues associated
15 with the existing IPPs. Prior to divestiture, any benefit of below market energy or
16 capacity associated with the IPPs was included in the ES rate, while the above
17 market portion was included in the SCRC. Consistent with the settlement in
18 Docket No. DE 14-238, all IPP costs and revenues, whether above or below
19 market, are included in the SCRC.
- 20 2. (Line 7) Burgess PPA: Effective April 1, 2018, the costs and market revenues
21 associated with the Burgess PPA are included in the SCRC. Line 7 shows the net

1 cost of the Burgess PPA. Additionally, provided in Attachment ELM-2 (page 6) is
2 support for the underlying forecast assumptions related to the costs and revenues
3 associated with the Burgess PPA by month. Beginning in December 2019, the Ch.
4 340 Adder portion of the Burgess over market energy costs are removed from
5 SCRC Part 2 and recovered through Ch. 340.

6 3. (Line 8) Lempster PPA: Effective April 1, 2018, the costs and market revenues
7 associated with the Lempster PPA are included in the SCRC. Line 8 shows the net
8 cost of the Lempster PPA. Additionally, provided in Attachment ELM-2 (page 6)
9 is support for the underlying forecast assumptions related to the costs and
10 revenues associated with the Lempster PPA by month.

11 4. (Line 9) Energy Service REC Revenues Transfer: This line has been included to
12 capture the transfer of the RECs necessary to satisfy the Class 1 REC obligation
13 for ES customers as noted above on Page 11 of this testimony (lines 8 to 22 and
14 Page 12 (lines 1 to 2)).

15 5. (Line 10): REC Sales Proceeds/2018 RPS True-Up: This line includes the
16 following items:

- 17 a. The loss (the net of revenues and costs) on 2018 REC sales.
- 18 b. The June 30, 2019 Class 1 REC inventory balance of unsold 2017 and
19 2018 RECs.
- 20 c. The 2018 RPS requirement true-up that is completed annually in June of
21 the following compliance year to true-up the actual RPS compliance
22 amount from the amount that was collected from customers in 2018.

- 1 d. Proceeds from the sales of 2019 RECs (Burgess and Lempster). The costs
2 for these 2019 REC sales are included in Lines 2 and 3 (with additional
3 detail provided on page 6, Lines 7 through 9 and Lines 17 through 19) as
4 the RECs are delivered.
- 5 6. (Line 11) ISO-NE Other: The costs included in this line are miscellaneous ISO
6 resettlement costs along with credits that were historically included in the ES rate.
- 7 7. (Line 12) Residual Generation O&M: The ongoing costs and liabilities associated
8 with the divested Generation assets. These include property tax refunds, pension
9 credits, commitments associated with the hydro plants, and legal fees associated
10 with lawsuits related to the Generation assets when they were owned by
11 Eversource.
- 12 8. (Line 13) Seabrook Costs and Credits: Charges and credits related to Seabrook
13 Power contracts between Eversource and North Atlantic Energy Company
14 (NAEC).
- 15 9. (Line 14) DOE Cash Refund: Reflects one-time proceeds received Maine Yankee
16 Atomic Power Company, Yankee Atomic Power Company, and Connecticut
17 Yankee Atomic Power Company in Phase IV of the Companies' litigation with
18 the U.S. Department of Energy ("DOE") related to refunds of decommissioning
19 costs and FERC settlements with State agencies regarding treatment of the
20 litigation proceeds. The credit reflects Eversource's portion of the Phase IV
21 litigation proceeds in accordance with the FERC settlement agreements.

1 10. (Line 15) Excess Deferred Income Taxes (“EDIT”): At the beginning of 2018, the
2 Federal and State tax rates changed which resulted in EDIT. That excess is to be
3 refunded to customers.

4 11. (Line 16) CSL Contract Settlement: In accordance with Order No. 26,238 in
5 Docket No. DE 17-075, Eversource had included the \$3.4 million attributable to
6 settlement of a shipping contract with CSL. In that the settlement funds have been
7 recovered, that amount is included as a one-time reconciliation item.

8 12. (Line 17) 2018 SCRC True up: In January 2020, a post-year-end adjustment is
9 calculated for the December 31, 2019 SCRC deferral balance.

10 **Q. Are the stranded costs that were in excess of the amount securitized as part of the**
11 **Generation divestiture included in this filing?**

12 A. No. On November 27, 2019 in Docket No. DE 20-005, Eversource filed a motion for
13 commencement of audit of divestiture-related costs. In that filing, the Company
14 calculated the total divestiture-related costs of \$654 million which is \$18.4 million higher
15 than the amount securitized. In that filing, the Company indicated that upon completion
16 of the audit and a final audit report, the additional costs will be recovered through Part 2
17 costs of the SCRC rate. The final audit report has been received, however as the
18 proceeding is still ongoing and the final outcome of the amount to recover as additional
19 stranded cost is not yet known, the \$18.4 million is not included in this SCRC rate filing.

1 **Q. Referring to ELM-2, page 5, has Eversource included the cost of the shipping**
2 **contract Settlement and Release described in the Testimony of Fredrick White in**
3 **Docket No. DE 17-075 in the reconciliation for the 12 months ending January 31,**
4 **2020?**

5 A. Yes. As described above, and in accordance with Order No. 26,238 dated April 25, 2019,
6 in Docket No. DE 17-075, the \$3.4 million payment associated with the settlement paid
7 in December 2016 has been included in this reconciliation for the 12 months ending
8 January 31, 2020 in this filing on Line 16.

9 **Q. Please explain the reasons for the over recovery of \$20.6 million as of January 31,**
10 **2020.**

11 A. This August updated SCRC rate filing contains a reconciliation of February 2019 through
12 January 2020 SCRC revenues and costs. The SCRC rate set in Docket No. DE 18-182
13 incorporated forecasted assumptions for the February 2019 through January 2020 time
14 frame. The factors contributing to the prior period over recovery are as follows:

- 15 • Part 1 costs were \$1.4 million higher than forecast.
- 16 • Part 2 costs were \$10.7 million lower than forecast. The over recovery is due to lower
17 costs associated with: \$7.1 million in Residual Generation O&M credits related to
18 pension and property tax refunds; \$5.1 million in REC sales proceeds that were not
19 included in the original forecast; \$2.3 million in lower above market non-wood IPP
20 costs; \$1.9 million in higher credits due to DOE refund and Seabrook credits; \$1.1
21 million in higher credit to SCRC customers resulting from ES REC revenue transfer;

1 \$1.0 million in higher credits due to revised EDIT amortization schedule. The lower
2 costs are offset by the following cost increases compared to the forecast: \$3.4 million
3 due to inclusion of the CSL contract settlement; \$4.3 million due to higher above
4 market costs related to the Burgess and Lempster PPAs.

- 5 • Prior period under recovery was \$1.3 million lower than the estimated prior period
- 6 under recovery.
- 7 • Revenues were \$9.9 million higher than forecasted.
- 8 • Sales were slightly lower than forecasted.

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

11 A. In Order No. 25,664 in Docket No. DE 14-048, and pursuant to RSA 125-O:23, II, the
12 Commission ordered that certain proceeds from the quarterly RGGI auctions be rebated
13 to Eversource's customers through the SCRC. Attachment ELM-3, page 1, and
14 Attachment ELM-4, page 1 provide a summary of 2020 and 2019 information related to
15 RGGI auctions and the amounts allocated to Eversource for refund.

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

17 A. Eversource is requesting approval of the updated August 1, 2020 RGGI rate provided in
18 this filing of negative 0.130¢/kWh as compared to the current February 1, 2020 RGGI
19 rate of negative 0.132¢/kWh.

1 **Q. Could you please provide additional details for the Ch. 340 Adder costs included on**
2 **page 2 of Attachment ELM-5?**

3 A. As described earlier, in Docket No. DE 19-142, a Joint Motion was filed related to the
4 rate recovery of costs associated with the cumulative reduction factor under the PPA with
5 Burgess BioPower. Broadly speaking, under the terms of the PPA, any amounts in the
6 cumulative reduction factor above \$100 million were to be deducted from the amounts
7 paid to Burgess for purchases under the PPA. At the end of operating year 6, the
8 cumulative reduction factor was \$106,976,603 or \$6,976,603 above the limit set by the
9 PPA. That amount was reduced by the Excess MWh adjustment called for in the PPA of
10 \$1,709,925, which was deducted from the amounts paid to Burgess during the first three
11 months of operating year 7 (December 2019 through February 2020). The Excess MWh
12 adjustment is not specifically associated with the Amended PPA and the Ch. 340 Adder
13 and therefore remains in Part 2 SCRC costs. Therefore, the \$6,976,603 is reduced to
14 \$5,266,678 that would have been deducted from the amounts paid to Burgess during
15 operating year 7 (December 2019 through November 2020). This is shown on
16 Attachment ELM-5, line 2.

17 It was also agreed in Docket No. DE 19-142 that the forecasted over cap costs for
18 Burgess should be recovered in current rates rather than waiting until the end of the
19 operating year and recovering in the following year. The calculation of Burgess over
20 market costs per the PPA is shown in Attachments ELM-1 and ELM-2, Page 6, lines 7-
21 11. The Burgess over market energy costs are then recovered in the Ch. 340 Adder rate as

1 shown in Attachment ELM-5. Since these are forecasted costs and revenues and rely on
2 assumptions of Burgess energy output and market prices as well as forecasted retail
3 MWh sales, the Ch. 340 adder costs are reconciled in this and future SCRC rate filings.

4 Under the terms of the settlement agreement in Docket No. DE 19-142, rather than being
5 deducted from the amounts paid to Burgess, that excess is recovered from customers
6 through the SCRC on an equal cents per kWh basis rather than the specified class
7 percentages. This is shown in the Ch. 340 Adder calculations in Attachment ELM-5. The
8 updated Ch. 340 Adder rate effective August 1, 2020 is 0.607 cents/kWh as compared to
9 the current Ch. 340 Adder rate of 0.435 cents/kWh. Attachment ELM-5, page 1, provides
10 a summary of the rate calculations and Attachment ELM-5, page 2, provides the monthly
11 detail for the Burgess energy costs and revenues. But for the impact of SB 577, this
12 \$5,266,678 Operating Year 6 would have been refunded to customers. In order to
13 implement the equal cents-per-kilowatt-hour recovery methodology set forth in the Docket
14 No. DE 19-142 Settlement Agreement for this amount, the \$5,266,678 was credited to
15 customers in the SCRC calculations using the 2015 Settlement's SCRC rate design, then
16 the equal cents-per-kilowatt-hour Ch. 340 Adder will be added back in for each rate
17 category. The concurrent recovery of the over market Burgess energy costs is removed
18 from Part 2 SCRC cost and transferred for recovery through the Ch. 340 Adder. The over
19 market energy costs are calculated based on the contract market rates. There is a slight
20 difference between the over market energy costs per the PPA and ISO-NE revenues. The

1 difference remains in the Part 2 SCRC costs. This is shown in Attachments ELM-1 and
2 ELM-2, Page 6.

3 **Q. Has the Company included rate exhibits and calculations of the customer bill**
4 **impacts for the proposed August 1, 2020 SCRC rate change?**

5 A. Yes, this detail is provided in Attachment ELM-6.

- 6 • Page 1 compares the current SCRC rates in effect to the updated SCRC rates
7 proposed for effect August 1, 2020 by rate class.
- 8 • Page 2 provides the rate adjustment factor and SCRC rates by rate class for the
9 current and updated SCRC rates (including the Ch. 340 Adder), including and
10 excluding the RGGI refund.
- 11 • Page 3 provides the calculation of the SCRC rate adjustment factors by rate
12 classification for the updated proposed average SCRC rates and RGGI adders.
- 13 • Page 4 provides a comparison of residential rates proposed for effect August 1,
14 2020 to current rates effective February 1, 2020 for a 550 kWh monthly bill, a
15 600 kWh monthly bill, and a 650 kWh monthly bill.
- 16 • Page 5 provides a comparison of residential rates proposed for effect August 1,
17 2020 to rates effective August 1, 2019 for a 550 kWh monthly bill, a 600 kWh
18 monthly bill, and a 650 kWh monthly bill.
- 19 • Page 6 provides the average impact of each change on bills for all rate classes by
20 rate component on a total bill basis, excluding energy service.

- 1 • Page 7 provides the average impact of each change on bills for all rate classes by
2 rate component on a total bill basis, including energy service.

3 The rate impacts provided in Attachment ELM-6 incorporate changes in the Distribution
4 rates reflecting the temporary rates approved in Docket No. DE 19-057, the Systems
5 Benefit Charge rate reflecting rate changes approved in Docket No. DE 17-136 for effect
6 January 1, 2020, the Energy Service rate reflecting rate changes approved in Docket No.
7 DE 20-054 for effect on August 1, 2020, the SCRC rate changes proposed in this filing
8 and the rate change proposed in the Transmission rate filing in Docket No. DE 20-085.

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

10 A. Yes. Updated tariff pages are provided in Attachment ELM-7.

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

13 A. Eversource is requesting final approval of the SCRC and RGGI rate by July 27, 2020, to
14 implement the new rates for service rendered on and after August 1, 2020.

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

16 A. Yes, it does.