

1 **STATE OF NEW HAMPSHIRE**
2 **PUBLIC UTILITIES COMMISSION**

3
4 **January 21, 2021 - 10:03 a.m.**

5 *[Remote Hearing conducted via Webex]*
6

7
8 **RE: DE 20-095**
9 **EVERSOURCE ENERGY:**
10 **Petition for Adjustment to Stranded**
11 **Cost Recovery Charge.**

12 **PRESENT:** Chairwoman Dianne H. Martin, Presiding
13 Cmsr. Kathryn M. Bailey

14 Doreen Borden, Clerk
15 Susan Gagne, PUC Remote Hearing Host

16 **APPEARANCES:** **Reptg. Public Service Company of New**
17 **Hampshire d/b/a Eversource Energy:**
18 Jessica A. Chiavara, Esq.

19 **Reptg. PUC Staff:**
20 F. Anne Ross, Esq.
21 Richard Chagnon, Asst. Dir./Electric
22 Stephen Eckberg, Electric Division

23 Court Reporter: Steven E. Patnaude, LCR No. 52
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I N D E X

PAGE NO.

WITNESS: ERICA L. MENARD

Direct examination by Ms. Chiavara	6
Cross-examination by Ms. Ross	26
Interrogatories by Cmsr. Bailey	36

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CLOSING STATEMENTS BY:

Ms. Ross	40
Ms. Chiavara	41

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
4	Petition for Adjustment to Stranded Cost Recovery Charge (12-17-20)	<i>premarked</i>
5	Updated Testimony of Erica L. Menard, with attachments (01-08-21)	<i>premarked</i>
6	Eversource Energy Use of RRB Charge True-Up Mechanism Advice Filing (01-06-21)	<i>premarked</i>
7	SCRC Rates for Approval Proposed for Effect on February 1, 2021	<i>premarked</i>
8	RESERVED (Record request to provide a list of Remediation Sites to clarify whether the Environmental Adder has an end time bound to the commitments)	38, 40

P R O C E E D I N G

1
2 CHAIRWOMAN MARTIN: We're here this
3 morning in Docket DE 20-095, which is
4 Eversource's Petition for Adjustment to the
5 Stranded Cost Recovery Charge for the period
6 beginning February 1, 2021.

7 I have to make the necessary findings
8 for a remote hearing.

9 As Chairwoman of the Public Utilities
10 Commission, I find that due to the State of
11 Emergency declared by the Governor as a result of
12 the COVID-19 pandemic, and in accordance with the
13 Governor's Emergency Order Number 12, pursuant to
14 Executive Order 2020-04, this public body is
15 authorized to meet electronically. Please note
16 that there is no physical location to observe and
17 listen contemporaneously to this hearing, which
18 was authorized pursuant to the Governor's
19 Emergency Order.

20 However, in accordance with the
21 Emergency Order, I am confirming that we are
22 utilizing Webex for this electronic hearing. All
23 members of the Commission have the ability to
24 communicate contemporaneously during this

1 hearing, and the public has access to
2 contemporaneously listen and, if necessary,
3 participate.

4 We previously gave notice to the public
5 of the necessary information for accessing the
6 hearing in the Order of Notice. If anybody has a
7 problem, please call (603)271-2431. In the event
8 the public is unable to access the hearing, the
9 hearing will be adjourned and rescheduled.

10 Okay. We have to take a roll call
11 attendance.

12 My name is Dianne Martin. I am the
13 Chairwoman of the Public Utilities Commission.
14 And I am alone.

15 Commissioner Bailey.

16 CMSR. BAILEY: Good morning.

17 Commissioner Kathryn Bailey. And I am alone.

18 CHAIRWOMAN MARTIN: Okay. Let's take
19 appearances, starting with Ms. Chiavara.

20 MS. CHIAVARA: Good morning. Jessica
21 Chiavara, here on behalf of Public Service
22 Company of New Hampshire, doing business as
23 Eversource Energy.

24 CHAIRWOMAN MARTIN: Good morning. And

[WITNESS: Menard]

1 Ms. Ross.

2 MS. ROSS: Good morning, Commissioners.
3 Anne Ross, here as Staff Attorney, representing
4 the Staff in this docket.

5 CHAIRWOMAN MARTIN: Good morning. And
6 we have Exhibits 4 through 7 prefiled and
7 premarked. Anything else on exhibits?

8 MS. CHIAVARA: No.

9 CHAIRWOMAN MARTIN: Okay. Any other
10 preliminary matters before we hear from the
11 witness?

12 *[No verbal response.]*

13 CHAIRWOMAN MARTIN: Okay. Well, then
14 we'll ask Mr. Patnaude to swear in the witness.

15 (Whereupon **Erica L. Menard** was duly
16 sworn by the Court Reporter.)

17 CHAIRWOMAN MARTIN: Okay.

18 Ms. Chiavara.

19 MS. CHIAVARA: Thank you very much.

20 **ERICA L. MENARD, SWORN**

21 **DIRECT EXAMINATION**

22 BY MS. CHIAVARA:

23 Q Ms. Menard, could you please, to begin, state
24 your name, title, and responsibilities in your

[WITNESS: Menard]

1 role at Eversource?

2 A My name is Erica Menard. I'm the Manager of
3 Revenue Requirements for Eversource Energy. And,
4 in that capacity, I am responsible for the rate
5 and revenue calculations for a variety of rate
6 filings presented before this Commission.

7 Q And have you ever testified before this
8 Commission?

9 A Yes.

10 Q Great. Thank you. Turning to Exhibit 1, dated
11 December 17th, 2020, testimony, did you file
12 testimony as part of the materials on December
13 17th, 2020?

14 A Yes. Just to clarify, it's "Exhibit 4".

15 Q Oh, I'm sorry. Apologies. Yes, "Exhibit 4".
16 Thank you.

17 A Yes.

18 Q Was that testimony prepared by you or at your
19 direction?

20 A Yes.

21 Q And are there any changes or updates that you
22 have at this time?

23 A No. That was a preliminary filing. And it was
24 intended to be updated. So, I don't have any

[WITNESS: Menard]

1 changes to that one.

2 Q Great. Thank you. Turning to Exhibit 5, dated
3 January 8th, 2021, did you file testimony as part
4 of those materials?

5 A Yes.

6 Q And was that testimony prepared by you or at your
7 direction?

8 A Yes.

9 Q Do you have any changes or updates to that
10 testimony?

11 A Yes. I have a couple of minor changes. On Bates
12 Page 005, there's a heading on the table that is
13 between Lines 5 and 6. And it says "Preliminary
14 Rate", it's the column to the right, that should
15 say "Updated Rate".

16 The second change is on Bates Page 037,
17 Line 3. The total, at the far right column,
18 which is the total for the twelve-month period
19 ending 01/31/21, that number currently reads
20 "31,255", that should read "27,436". There was
21 an errant formula. However, it does not change
22 the overall calculation.

23 And then, there were -- originally
24 filed with Exhibit 5 were ELM-10 and ELM-11

[WITNESS: Menard]

1 attachments. Those have since been revised. And
2 those have been filed in Exhibit 7.

3 Q Thank you very much. Do you adopt this as your
4 testimony today?

5 A Yes.

6 Q Thank you. Now, turning to Exhibit 6, the Rate
7 Reduction Bond True-Up Advice letter, dated
8 January 6, 2021. Did Eversource file the
9 Periodic Rate Reduction Bond True-Up Advice
10 letter on January 6, 2021?

11 A Yes. This letter was filed in Docket Number
12 17-096, pursuant to Order Number 26,099, which
13 was issued on January 30th, 2018. In that
14 docket, PSNH, as the servicer of the rate
15 reduction bonds, and on behalf of the RRB
16 trustee, applies for adjustments to the RRB
17 charges at least annually, and can be updated on
18 a biannual basis or an emergency basis. So, this
19 letter explains and establishes the revised RRB
20 charges to be assessed for collection from retail
21 users effective on February 1st.

22 The RRB charge is a usage-based charge.
23 And it's a component of the Stranded Cost
24 Recovery Charge. And it's assessed on each

[WITNESS: Menard]

1 retail user's monthly bill. And it will continue
2 until the RRB is totally charged in full.

3 So, this letter filed on January 6th
4 establish the RRB components, which is Part 1 of
5 the Stranded Cost Recovery Charge rate, and that
6 is included in the filing that's subject of this
7 hearing today.

8 Q Thank you. Commission Staff has asked that this
9 letter be included as a standard exhibit as part
10 of future SCRC update filings. Can you verify
11 that this is something that the Company intends
12 to do?

13 A Yes. We will do that going forward.

14 Q Thank you. Now, turning to Exhibit 7, this is
15 the update that you referred to earlier to ELM-10
16 and ELM-11. Did Eversource file the update to
17 the tariff presented in ELM-11 on January 20th,
18 2021?

19 A Yes, we did.

20 Q Great. And, turning to the revised -- the
21 revision in Exhibit 7 of ELM-10 and ELM-11, can
22 you explain this a bit and what was updated?

23 A Yes. ELM-10 provides the proposed rate by tariff
24 class to go into effect on February 1st. It also

[WITNESS: Menard]

1 contains comparisons of the proposed rate against
2 the current rate that's in effect beginning
3 August 1st, and it also compares it against one
4 year ago.

5 There were headings that were
6 incorrectly identified initially as "January 1st,
7 2021" for effect, instead of "February 2021".
8 So, those were updated. As well as the
9 comparison to the previous year was comparing to
10 "January of 2021" instead of February of --
11 sorry, "2020", instead of "February 2021". So,
12 those were all updated, and Exhibit 7 should be
13 the most up-to-date set of numbers.

14 Q Okay. Thank you. And are the resulting RRB
15 rates incorporated into this February 1st, 2021
16 rate update that was filed on January 8th?

17 A Yes, they are. They are included in the Part 1
18 calculation.

19 Q Thank you. Could you please explain briefly what
20 the Company is requesting of the Commission in
21 this docket?

22 A Yes. On December 17th, 2020, Eversource
23 submitted a petition to adjust SCRC rates
24 effective February 1st, 2021, as well as prefiled

[WITNESS: Menard]

1 testimony and the preliminary rate calculations.
2 And the intention was to update those rate
3 calculations and revise the testimony prior to
4 hearing, so that the updated RRB charges could be
5 incorporated, as well as actual data, as much as
6 we had it prior to hearing. So, those have all
7 been updated. And that is what was filed on
8 January 15th, 2021 -- whoops, sorry --
9 January 8th, 2021.

10 And then, on January 15th, the Company
11 and Staff participated in a technical session to
12 discuss the SCRC updated filing. And, aside from
13 the changes that I've identified a few minutes
14 ago, there are no changes to the actual proposed
15 rates or calculations for the supporting
16 materials.

17 Q Thank you. Now, if we look specifically at
18 Exhibit 2, can you provide a brief overview of
19 this document and what the exhibit entails?

20 A Sure. In Exhibit 5, --

21 Q I'm sorry. Apologies.

22 A That's okay. I'll try to keep you honest.
23 Exhibit 5 contains my testimony describing the
24 changes to the SCRC rate, the reasons for the

[WITNESS: Menard]

1 rate increase, as well as eleven attachments to
2 support the rate calculations, and demonstrate
3 the basis for and the factors that comprise the
4 rate changes.

5 Attachment ELM-1 and 2 contain actual
6 costs through November 2020, and forecasted data,
7 where available, through January of 2022. That
8 calculates the Part 1 and Part 2 components of
9 the SCRC rate.

10 Attachments ELM-3 and 4 contain the
11 RGGI Refund, with actual data through, again,
12 November 2020, and forecasted data beyond that.

13 Attachments ELM-5 and 6 contain the
14 Chapter 340 Adder costs, which relate to the over
15 cap Burgess PPA energy costs per the Settlement
16 Agreement in Docket Number 19-142. And, again,
17 actual data is contained through November of
18 2020, and forecasted through January of 2022.

19 Attachment ELM-7 contains a new
20 component. It's the forecasted environmental
21 remediation costs for the 2021 SCRC rate year.
22 These environmental remediation costs are related
23 to the deferred environmental remediation costs
24 at manufactured gas plant sites. And these costs

{DE 20-095} {01-21-21}

[WITNESS: Menard]

1 were agreed upon to be recovered through the SCRC
2 rate as part of the 2019 PSNH distribution rate
3 case in Docket Number 19-057.

4 Attachment ELM-8 and 9 contain the
5 forecasted Net Metering adder costs for the 2021
6 SCRC rate year. These net metering costs were
7 the subject of a hearing yesterday, in Docket
8 Number 20-136. These attachments contain the
9 rate calculations to be included in the SCRC
10 rate, if approved. They contain actual costs
11 through November of 2020, and forecasted costs
12 beyond that.

13 Attachment ELM-10 contains the rate
14 comparison for Residential Rate R, and also
15 contains average percent changes and rates by
16 customer class. And, again, that was revised in
17 Exhibit 7.

18 And then, finally, Attachment ELM-11
19 contains the redlined tariff reflecting the
20 proposed changes. And that, again, was revised
21 in Exhibit 7.

22 Q Thank you very much. Now, could you take us
23 through the proposed adjustment to each rate
24 class from the current SCRC rates?

[WITNESS: Menard]

1 A Yes. Turning to Bates Pages 004 and 005, in
2 Exhibit 5, is a comparison of the current rates
3 to the proposed rates. So, I will just read them
4 off. And I'll try to read them slowly, because
5 there's a lot of numbers.

6 Eversource calculated the average SCRC
7 rates, including the RGGI adder or the RGGI
8 Refund, consistent with past practice. In my
9 testimony, which is slightly different than in
10 past testimony, because we have several new adder
11 components, this table on Bates Page 004 is only
12 Part 1 and Part 2. And then, the table on Bates
13 Page 005 is for all of the adders.

14 So, on Bates Page 004, the base SCRC
15 rate for Residential Rate R being proposed is
16 "1.103 cents" per kilowatt-hour, as opposed to
17 the current rate of "0.498 cents" per
18 kilowatt-hour; for Rate Class G, the proposed
19 average rate is "1.148 cents", compared to the
20 current rate of "0.407 cents"; Rate Class GV, the
21 average rate being proposed is "0.917 cents" per
22 kilowatt-hour, compared to the current rates of
23 "0.334 cents" per kilowatt-hour; Rate Class LG,
24 the proposed average rate is "0.349 cents",

{DE 20-095} {01-21-21}

[WITNESS: Menard]

1 compared to current rates of "0.091 cents" per
2 kilowatt-hour; and Rate OL and EOL, the average
3 rate being proposed is "1.648 cents" per
4 kilowatt-hour, compared to current rates of
5 "0.47 cents" per kilowatt-hour.

6 And then, turning to Bates Page 005,
7 the individual components for Chapter 340, the
8 RGGI Refund, Environmental Remediation, and Net
9 Metering, I'll go through those next. Chapter
10 340, the proposed rate is "0.266 cents" per
11 kilowatt-hour, compared to the current rate of
12 "0.607 cents" per kilowatt-hour; the RGGI Refund,
13 the proposed rate is a credit of "0.198 cents"
14 per kilowatt-hour, compared to the current rate
15 of a credit of "0.130 cents" per kilowatt-hour;
16 the Environmental Remediation proposed rate is
17 "0.049 cents" per kilowatt-hour, and since this
18 is new, there is no current rate to compare to;
19 the Net Metering rate adder is proposed at
20 "0.211 cents" per kilowatt-hour, and, again,
21 since this one is new, there is no current rate
22 to compare to. Those adders in total are
23 proposed to be "0.328 cents", compared to the
24 current of "0.477 cents".

{DE 20-095} {01-21-21}

[WITNESS: Menard]

1 Q All right. Thank you very much. And could you
2 just take a moment to clarify the overall effect,
3 and how the calculations operate for the RGGI
4 Refund adder?

5 A Yes. The RGGI Refund is passed through, the
6 refund is passed back to customers, a portion of
7 it, through this SCRC rate. Because the refund
8 was higher than in the current rate, the
9 resulting rate is a larger credit. So,
10 therefore, it's a -- a larger credit back to
11 customers. It gets sometimes confusing when you
12 say it's an increase to a negative number. But
13 it's a larger credit, so a larger refund back to
14 customers.

15 Q Thank you for that. Could you please explain how
16 the treatment of accumulated deferred income tax
17 or ADIT has changed for this filing?

18 A Yes. In the Energy Service docket last year, and
19 pursuant to Order Number 26,368, there was a
20 requirement to review the inclusion of -- or, the
21 treatment of the accumulated deferred income tax
22 as part of the carrying cost calculation.
23 Eversource had met with Commission Staff and
24 discussed that component as part of the Energy

[WITNESS: Menard]

1 Service carrying charge calculation, and at that
2 time decided that the resulting decision and
3 outcome from that Energy Service docket would be
4 applied to the stranded cost and transmission
5 cost adjustment mechanisms going forward.

6 So, beginning with the February 1, 2021
7 rate period, Eversource has adjusted the carrying
8 charge calculation to not include or make the
9 adjustment for the ADIT as part of the carrying
10 charge calculation. This is, I would say, a
11 carryover probably from when Eversource owned
12 generation assets, and when the Energy Service
13 and stranded cost rates had a component of rate
14 base where ADIT is more applicable, the
15 adjustment for ADIT is more applicable, because
16 you're applying it for rate base-type assets.

17 Q Okay. Thank you. I'd like to turn now to
18 Exhibit 5, Bates Page 007. Could you please
19 provide an overview of the major reasons for the
20 increase in the SCRC rates proposed today, as
21 compared to the current rates in effect?

22 A Yes. There's a table on Bates Page 007 that
23 outlines the -- just for majorally Part 1 and
24 Part 2 costs, and explains the reasons for the

[WITNESS: Menard]

1 increase or decrease by component. So, overall,
2 there's a \$34.4 million increase in Part 1 and
3 Part 2 costs, comparing it to the August 2020
4 rate. And the reasons for that, there's some
5 increases and decreases, and the Part 1 costs
6 themselves, which are the RRB costs, those have
7 gone down \$8.6 million dollars. And that's
8 really a result of an over-collection of
9 remittances as part of the August rate period.
10 So, there was a reduction in the RRB rates to
11 account for that, plus also the declining bond
12 interest payment, which is just a natural
13 function of the bond payment.

14 In Part 2, there was a \$23.2 million
15 increase, and that is due to a couple of items.
16 One is inclusion of \$12 million from the
17 generation divestiture docket, DE 20-005. That
18 was agreed upon to recover any additional
19 stranded costs that were not securitized, and the
20 resulting settlement agreement was a \$12 million
21 amount. So that is included in Part 2 costs, to
22 be recovered over a one-year period. \$6.4
23 million is related to above-market IPP and PPA
24 costs. \$2.1 million is related to REC sale

{DE 20-095} {01-21-21}

[WITNESS: Menard]

1 proceeds. The previous rate had sales
2 proceeds -- had actual sales proceeds of \$2
3 million, which is a credit to the SCRC rate. The
4 current rate period, we don't know what those
5 sales proceeds will be, so there is no forecast.
6 So, that causes that piece to be higher than what
7 was in the August rate.

8 The residual generation O&M costs is
9 about \$2 million higher than what was in the
10 August rate. Again, in the August rate, we had
11 some actual -- we had actual costs. For this
12 February rate, we don't have a forecast of what
13 those credits will be. Those are largely due to
14 some property tax refunds that were received in
15 the prior rate period.

16 As we go through the year, in the
17 August rate period, we will adjust and update and
18 reflect any credits or adjustments that are
19 received.

20 And then, finally, the Seabrook costs
21 and credits, similar story, a million dollars
22 higher because of the credit received in the
23 August rate that is not forecasted in the
24 February rate.

[WITNESS: Menard]

1 And then, the final piece is a \$19.8
2 million increase due to the change in the
3 over-/under-recovery that existed at the end of
4 the -- that was included in the August rate. And
5 the August rate was set to give that
6 over-recovery back to customers. So, in the
7 February rate, we kind of reset that period, so
8 that that causes the difference in the two rates.

9 And then, not listed on this table, but
10 some of the other components, so, the Chapter 340
11 adder, there was a \$9.1 million overall decrease
12 to the Chapter 340 adder costs. And then, the
13 Environmental Remediation, which is a new adder,
14 added about \$3.8 million of costs. And the Net
15 Metering adder added about \$16.3 million. So,
16 there's some increases and decreases. But,
17 overall, an increase to the stranded cost rate.

18 Q Thank you. And why has an adder been created for
19 recovering environmental remediation costs as
20 specifically in the SCRC?

21 A In the last distribution rate case, environmental
22 remediation reserve costs were included in the
23 distribution rates. As part of the most recent
24 rate case, it was decided to move those costs out

[WITNESS: Menard]

1 of the distribution rate and into the stranded
2 cost rate. The thinking was that these were
3 related to formerly owned or former commitments
4 related to manufactured gas plant sites. And
5 that it will be more appropriate to recover those
6 through the stranded cost rate. So, the
7 Settlement Agreement laid that out, removing it
8 from the revenue requirement in the distribution
9 rate and moving it to the stranded cost rate.
10 So, this is the first opportunity to include that
11 in the stranded cost rate. And it will be
12 included going forward. The balance, as of
13 January 31st, 2021, is amortized over a four-year
14 period, and then any ongoing current changes to
15 that reserve will also be recovered concurrently
16 in the SCRC rate in that separate adder. And
17 that new adder, this new Environmental
18 Remediation adder, is not included in Part 2
19 costs, because it was determined to recover those
20 from customers on an equal cents per
21 kilowatt-hour basis, rather than the predefined
22 percentage allocations that were -- that are a
23 part of Chapter -- Part 1 and Part 2 costs.
24 Q Okay. Thank you. I'd now like to turn to

{DE 20-095} {01-21-21}

[WITNESS: Menard]

1 Exhibit 7. Could you please describe what is
2 labeled as "Attachment ELM-10"?

3 A Yes. As I said earlier, ELM-10 is the proposed
4 rates for effect February 1st, 2021. The first
5 page compares the current rates to the proposed
6 rates by tariff rate class. The calculation for
7 SCRC is done on an average rate class. So, this
8 exhibit takes the average rate calculations and
9 applies it on an individual tariff basis. So,
10 Pages 1, 2, and 3 are performing that
11 calculation, to take the average rates and
12 convert them into tariff rates.

13 Page 4 compares the February 1 rates,
14 the proposed February 1 rates, to the current
15 rates that were effective August 1st, 2020, for a
16 Residential Rate R customer. And it compares it
17 for a 550, a 600, and 650 kilowatt-hour a month
18 bill, and shows the comparison, a percent change
19 in the components and the percent change of the
20 total bill.

21 Page 5 does a similar calculation,
22 except compares the proposed rates to the rates
23 in effect one year ago.

24 And Pages 6 and 7 show the impact of

[WITNESS: Menard]

1 the change on delivery service bills as a
2 percentage of total delivery retail revenue for
3 each class, with and without energy service. The
4 Page 6 is without energy service; Page 7 is with
5 energy service.

6 Q Okay. Thank you. Staying in that same exhibit,
7 Exhibit 7, could you please also describe what's
8 labeled as "Attachment ELM-11"?

9 A Yes. ELM-11 is the clean and redline version of
10 the tariff pages that are applicable to the
11 Stranded Cost Recovery Charge rate. This tariff
12 will look slightly different than what was
13 previously filed, because of the new adder
14 components that are being included.

15 On Bates Page 009, we have Part 1 and
16 Part 2 components on the table below. We have
17 Chapter 340 and we have the RGGI Refund. And
18 then, we also have the new Environmental
19 Remediation and Net Metering.

20 And, so, the individual average rates
21 are displayed by each of the rate classes. And
22 then, there was some additional language that was
23 included in the tariff, just above the table,
24 which describes the inclusion of the

[WITNESS: Menard]

1 environmental remediation costs, which is the
2 second paragraph, and then the third paragraph
3 describes the net metering.

4 And we went through these, this tariff,
5 with Staff, and what should be and shouldn't be
6 included. And, so, I think we're all in
7 agreement that this is the appropriate way to
8 display the revised SCRC rates.

9 Q Thank you very much. And could you please just
10 summarize Eversource's request, as far as what is
11 being asked of the Commission to approve today?

12 A Yes. The Company is requesting that the
13 Commission review and approve the updated average
14 SCRC rates included in Exhibit 5 for effect on
15 February 1st; also approve the RGGI adder, the
16 RGGI Refund adder, the Chapter 340 adder, and the
17 new Environmental Remediation and Net Metering
18 adders.

19 Again, the average rates are shown on
20 Bates Pages 004 and 005 in Exhibit 5, in the
21 updated column of the table. And then, the
22 tariff is shown in Attachment -- Exhibit 7,
23 Attachment ELM-10.

24 Q Thank you. And is it the Company's position that

[WITNESS: Menard]

1 the updated SCRC rates being proposed today are
2 just and reasonable?

3 A Yes.

4 MS. CHIAVARA: Thank you very much, Ms.
5 Menard. That is all I have. Thank you.

6 CHAIRWOMAN MARTIN: Okay. Thank you.
7 Ms. Ross, questions?

8 MS. ROSS: Yes. Thank you. We just
9 have a few clarifying questions.

10 **CROSS-EXAMINATION**

11 BY MS. ROSS:

12 Q And, Ms. Menard, could you explain why the Small
13 Commercial Rate G increases more than the
14 Residential rate? We found it -- Staff found it
15 a little unusual, because the Residential rate
16 is, as you may recall, 48 percent of the stranded
17 costs, whereas the Rate G is 25 percent, and yet
18 the Rate G is increasing a good deal more than
19 the Residential rate.

20 A Yes. At a high level, when we're comparing, if
21 we were to look at -- if we were to look at Bates
22 Page 004, which, again, is the Part 1 and Part 2
23 costs.

24 Q Of which exhibit?

[WITNESS: Menard]

1 A Oh, sorry. Five.

2 Q Okay.

3 A This compares the proposed rate, which is to be
4 effective February 1st, is comparing it with the
5 current rate. So, when you're making the
6 comparisons, you're comparing two different time
7 periods. And, when we're looking at how costs
8 are allocated, so, for example, Part 1 costs,
9 those are -- they come in, they're based on
10 remittances. So, the Part 1 costs will follow
11 the actual remittances.

12 If Rate G comes in at a different
13 allocation percentage on an actual basis than how
14 the prescribed allocation percentages are
15 calculated, you'll have this variance between the
16 costs that were going to Rate G, how they're, you
17 know, supposed to be allocated versus how they
18 actually get allocated. So, this difference in
19 actuals versus the allocation causes some of that
20 shift from -- it's mostly happening from
21 Residential to Rate G.

22 So, that's one piece, is that there's a
23 difference in the actual allocation of costs
24 versus the prescribed allocation of costs.

{DE 20-095} {01-21-21}

[WITNESS: Menard]

1 The second reason is that, again, when
2 you're comparing time periods, we have some
3 differences in how costs are being forecasted
4 from one time period to a prior time period. You
5 know, in the August rate, you have a lot of
6 actual costs. The August rate is an update. So,
7 the rates are set in February and updated in
8 August. So, we're trying to recover any
9 over-/under-recovery that has happened within
10 that rate period. So, when the actual costs come
11 in, they could be different than how we forecast
12 them.

13 And then, again, when you come to the
14 next February rate, you're using a lot of
15 forecasted costs again. So, this difference in
16 how actuals flow amongst the classes versus how
17 forecast -- the costs are being forecasted
18 amongst the classes is causing that difference.

19 Q So, if you looked at the comparison in Exhibit 7
20 of the February rates of 2021 with the February
21 rates of 2020, you might see less fluctuation
22 based on that explanation? Is that correct?

23 A Say that again.

24 Q If you're looking at a comparison, is a better

[WITNESS: Menard]

1 way to compare to look at the February 2021 rates
2 and compare them with the February 2020 rates, so
3 that you're getting two rates that are based on a
4 similar set of assumptions, that is a group of
5 estimates?

6 A Yes. Assuming, though, that those estimates are,
7 again, that the sales are following similar
8 patterns from period to period.

9 Q And we're in the middle of a pandemic, and we
10 know that that's affected load. Could you just
11 indicate a comparison of the sales forecast for
12 last year with the sales forecast that is in
13 total megawatt-hours for this year? And I
14 believe it's in your Exhibit 5. I think it's
15 Page -- ELM-1, Page 1, Line 5, but I may not be
16 correct.

17 A Okay. Let me just get there.

18 Q The two numbers I have in my notes are that the
19 forecast for last year was 7,716,356
20 megawatt-hours, and this year is 7,699,179
21 megawatt-hours. And that goes out to 07/31/21.
22 Is that correct?

23 A Yes.

24 Q So, we're seeing a slightly declining load still,

[WITNESS: Menard]

1 at least based on your forecast?

2 A Yes. Again, it's not that significant. But
3 it's, you know, it's a 0.2 percent decrease,
4 comparing that twelve-month period ending
5 January 2021 with the twelve-month period ending
6 January 2022.

7 When we compared the classes
8 specifically, --

9 Q And where is that on --

10 A And it would be again on what we were just
11 comparing, but, if you were to compare the -- so,
12 on Line 5, it would have each individual class,
13 Rate R, G, GV. You see that on Line 5?

14 Q Hold on. Let me just get to it again. So, this
15 is ELM-1, Page 5, Line --

16 A Five.

17 Q Okay. I'm not finding it on that.

18 CMSR. BAILEY: Is it Page 1 of ELM-1?

19 WITNESS MENARD: Yes.

20 MS. ROSS: Oh. Sorry. I'm on Page 5.

21 That's why I'm not --

22 WITNESS MENARD: I'm sorry. I thought
23 you said "Line 5".

24 BY MS. ROSS:

[WITNESS: Menard]

1 Q Got it. Okay.

2 A So, for the most part, when you compare, again,
3 just like you were comparing the total forecast
4 from period to period, if you were to compare the
5 individual rate classes from period to period,
6 you would see -- you would see a drop in all of
7 the rate classes, except for Rate Class LG.

8 Q Okay.

9 A Which is higher in this forecast period, compared
10 to the previous forecast period. And, again,
11 it's a little bit of a challenge right now to
12 forecast the sales.

13 Q Right.

14 A We're seeing -- we're seeing some groups have
15 declining sales, and others having increasing
16 sales. So, it's been a challenge to try to
17 pinpoint when things are going to return back to
18 normal, or if they're going to return back to
19 some sort of normal.

20 So, the forecasts, I don't think the
21 forecasts have changed significantly, just more
22 of being more conservative, to say, you know,
23 it's going to be similar to what it has been in
24 the past. But it is slightly -- it does reflect

[WITNESS: Menard]

1 slightly lower sales, to reflect some of what we
2 are seeing on an actual basis.

3 Q Okay. And I wanted to turn to a few
4 clarifications on the adders.

5 And starting with the Net Metering
6 adder, just want to confirm that the Net Metering
7 adder for this six-month period is actually -- it
8 includes the prior lack of recovery over the
9 prior six months. So, we're looking at roughly
10 8 million from the prior period that did not get
11 collected, plus the 8 million for this period.
12 So, we're actually looking at sort of twice the
13 amount of recovery in this period than we might
14 see normally, had we not just deferred for six
15 months any recovery on the net metering costs, is
16 that correct?

17 A That's correct.

18 Q Okay. And then, there's a slight difference in
19 the Net Metering rate number from the Settlement
20 that was heard yesterday, in DE 20-136, and the
21 stranded cost rate that's proposed today. One
22 was -- well, one was 0.220 cents, and today we're
23 asking for 0.211 cents, correct?

24 A Yes.

[WITNESS: Menard]

1 Q Can you explain that slight discrepancy?

2 A Yes. There are two main changes. One is, we
3 incorporated actual sales -- or, actual costs,
4 excuse me, through November. I think, in the --
5 in the docket, in 20-136, I believe that included
6 costs only through August. And then, the second
7 is the removal of the ADIT as part of -- in the
8 return calculation. So, those two cause the rate
9 to be lower --

10 Q Okay.

11 A -- than was initially proposed in the Settlement
12 Agreement.

13 Q Okay. Thank you. And then, one point of
14 discussion that Staff and the Company have had
15 relates to the EDIT, which is Excess Deferred
16 Income Tax. And you had explained earlier that
17 it relates to rate base that no longer exists,
18 but was part of the generation rate base before
19 divestiture. And, so, it's being carried forward
20 and credited through the Stranded Cost Charge, is
21 that correct?

22 A The EDIT -- you're referring to "EDIT", and not
23 "ADIT"?

24 Q Yes. I'm sorry. EDIT, yes.

[WITNESS: Menard]

1 A Okay. EDIT relates to the Tax Cut & Jobs Act in
2 2018, where tax rates were lowered, and so
3 that -- that credit is flowed back to customers.
4 And, on the generation side, that tax credit
5 flows back through the SCRC rate, and it appears
6 in the Line -- let me just get it.

7 Q It should be Line 14.

8 A Right. Yes.

9 Q ELM-1, Page 5, Line 14.

10 A Yes. Yes. So, it's Line 14. So, that is the
11 amortization of the federal and the state tax
12 change refunds that are credited back to
13 customers.

14 Q Okay. I'm sorry. I did conflate that with the
15 ADIT.

16 A That's okay.

17 Q And Staff has requested, and the Company has
18 agreed to provide going forward, more detailed
19 backup for those numbers, is that correct?

20 A Yes. I should be able to get that to you by the
21 end of the week. I have the exhibit, the
22 supporting exhibit. I just need to put it into a
23 format that is legible.

24 MS. ROSS: And Staff is not requesting

[WITNESS: Menard]

1 that that be a record request, and doesn't
2 believe that it's necessary for the Commission to
3 approve the rates we're presenting. But we
4 wanted the Commission to be aware that we're
5 asking for more detailed backup, just so that
6 Staff can monitor this, this cost, a little more
7 closely.

8 BY MS. ROSS:

9 Q On the RGGI Refund to customers, which is shown
10 in Exhibit 5, ELM-4, Page 1, is it a correct
11 understanding that that amount shown on Line 5 is
12 an additional refund of 2,024,000 that customers
13 will receive?

14 A Yes.

15 Q Okay.

16 A That's the over-collection for the period that
17 ended January 31st, 2021. So, that gets
18 incorporated into the current rate calculation to
19 give that over-collection back through a lower --
20 or, a higher credited rate.

21 Q Okay. And then, with regard to the Environmental
22 adder, which is a new adder, it's on Exhibit 5,
23 ELM-7, Page 1 and 2, it's roughly 12 million, and
24 you indicated earlier that it's amortized over

[WITNESS: Menard]

1 four years, and it relates to manufactured gas
2 plant facilities. Is it correct that there may
3 be additional costs in the future that would be
4 added to this particular adder?

5 A Yes. Yes. As the reserve is adjusted, the sites
6 get evaluated on a quarterly basis. So, if there
7 are any changes to that reserve amount, those
8 would be collected through the SCRC rate through
9 this adder on a concurrent basis.

10 MS. ROSS: Okay. Staff does not have
11 any more questions at this time. So, thank you.

12 CHAIRWOMAN MARTIN: Okay. Thank you.
13 Commissioner Bailey.

14 CMSR. BAILEY: Thank you.

15 BY CMSR. BAILEY:

16 Q Can we stick with the Environmental Remediation
17 adder please? I think I heard Ms. Ross just ask
18 you if the environmental remediation was \$12
19 million. Is that right?

20 A Yes. That was the balance in the reserve account
21 as of January 31st, 2021. And that has been a
22 buildup since the 2009 rate case. So, it's been
23 deferred for that time period.

24 Q So, it's just a coincidence that it's \$12

[WITNESS: Menard]

1 million, and the addition to Part 2 stranded cost
2 is \$12 million?

3 A It is.

4 Q Okay. So, on Exhibit 5, Bates Page 048 that you
5 were just looking at, what does Line 1 represent?

6 A Line 1 represents the revenues that we would have
7 to collect to recover the amortized amount, plus
8 any return, plus any ongoing amounts.

9 Q And your plan is to amortize it over four years?

10 A Yes.

11 Q Okay. Can you give me an idea of exactly what
12 these costs are? I mean, I understand that
13 they're associated with a former manufactured gas
14 plant in Keene, is that right?

15 A There's actually eleven sites. Keene is one of
16 them. But there's eleven sites -- hold on, let
17 me see if I have a list. I don't have a list
18 handy. But there's eleven sites where there is
19 some sort of commitment to do monitoring or
20 environmental remediation at these eleven sites.

21 Q Forever?

22 A I don't know the answer to that.

23 Q But you expect this -- you expect this adder to
24 be part of the stranded costs for the foreseeable

[WITNESS: Menard]

1 future?

2 A Yes.

3 Q Beyond four years?

4 A I could find out. If you would like, we could
5 take a record request, and I could find out if
6 there is any end time bound to these commitments.

7 Q That would be great. Thank you. And we don't
8 need that for the decision, I don't think.

9 A Okay.

10 *[Record request taken.]*

11 BY CMSR. BAILEY:

12 Q But it would be nice to know if it's time-bound.
13 Okay. Can we look at I think it's Exhibit 5, the
14 table on Page 6? So, this table shows, and I'm
15 talking about the table at the top of Page 6, the
16 adders, it shows that the Chapter 340 adder is
17 decreasing. Right?

18 A Yes.

19 Q Now, if we go to Page 8, it shows that the
20 Chapter 340 -- or, the above-market costs of
21 Burgess have increased. So, can you explain it?
22 It seems like -- I don't understand why, if the
23 Burgess over-market costs increase, how the
24 Chapter 340 rate can decrease?

[WITNESS: Menard]

1 A So, the Chapter 340 just recovers the over-market
2 energy costs. What's in Part 2 and what's
3 included in that line, the "Above Market Cost of
4 Burgess", is the RECs and capacity components.

5 Q So, the over-market costs have reduced, have
6 decreased? That over-market energy costs have
7 decreased?

8 A Yes. Yes. We were seeing the market prices were
9 higher than what we had used in -- or, what we
10 were seeing in the August rate time period.

11 Q Okay. So, it's really that the excess cost is
12 really based on the price that we're paying for
13 RECs to Burgess?

14 A Yes. Yes. In Part 2.

15 CMSR. BAILEY: Okay. I think that's
16 all I have. Thank you.

17 CHAIRWOMAN MARTIN: Sorry about that.
18 Had to find my mouse.

19 Thank you all for your really thorough
20 covering of everything. I think both counsel did
21 a really nice job of asking questions. So, I
22 don't have any questions remaining.

23 I don't know, Ms. Chiavara, if you have
24 any redirect?

[WITNESS: Menard]

1 MS. CHIAVARA: No redirect. Thank you.

2 CHAIRWOMAN MARTIN: Okay. Great.

3 Then, it sounds like we're going to have a record
4 request for -- we'll leave Exhibit 8 open for
5 that. And, although it doesn't sound --
6 Commissioner Bailey, you're saying we don't need
7 that for our decision, just for information?

8 CMSR. BAILEY: Yes. Thank you.

9 **(Exhibit 8 reserved)**

10 CHAIRWOMAN MARTIN: Okay. All right.
11 Anything else that we need to cover?

12 *[Atty. Chiavara indicating in the*
13 *negative.]*

14 CHAIRWOMAN MARTIN: Okay. Then, we
15 will strike ID on Exhibits 4 through 7 and admit
16 those as full exhibits, and leave the record open
17 for Exhibit 8 for the record request.

18 And we can take closing statements.

19 Ms. Ross.

20 MS. ROSS: Thank you, Commissioners.

21 The Staff supports the Company's
22 request to set the stranded costs as shown in the
23 exhibits. Staff believes they have been
24 correctly calculated, and that the costs do

1 result in just and reasonable rates.

2 We do note that the costs are high at
3 this time, partially due to the additional 12
4 million recovered over one year that came out of
5 DE 20-005, and also due to some additional
6 adders, and a few other factors that we've
7 covered in more detail. So, we believe that this
8 level of stranded costs will drop significantly
9 going forward. And we do encourage the
10 Commission to approve the costs as filed.

11 Thank you.

12 CHAIRWOMAN MARTIN: Okay. Thank you.
13 Ms. Chiavara.

14 MS. CHIAVARA: Yes. Thank you.

15 The proposed Stranded Cost Recovery
16 Charge discussed here today was calculated
17 consistently with those in the past that have
18 been approved by this Commission. Specifically,
19 the calculations for Parts 1 and 2, the Chapter
20 340 adder, and the RGGI Refund are already
21 existing components of the SCRC. And, while the
22 dollar figure may have changed, due to
23 forecasting and the time period of this recovery,
24 the calculation methods remain unchanged.

1 As for the adders for recovering
2 environmental remediation and net metering costs,
3 while they are new, they have been thoroughly
4 analyzed by the Commission and Commission Staff,
5 and both new adders have been deemed appropriate
6 for recovery in the SCRC. This is evidenced by
7 Commission Order 26,433 that designates the SCRC
8 for recovery of environmental remediation costs.
9 And, by the Settlement Agreement in Docket Number
10 DE 20-136, which was signed by both Staff and the
11 Office of the Consumer Advocate, for the recovery
12 of net metering costs. While the order is still
13 pending in the docket for net metering costs, the
14 basis for including such costs in the SCRC was
15 discussed in detail at yesterday's hearing in
16 that docket.

17 With the justification for all
18 constituent parts of the proposed rate having
19 been well-established, Eversource requests that
20 the Commission approve this SCRC as it has been
21 proposed, as such approval will result in just
22 and reasonable rates.

23 Thank you.

24 CHAIRWOMAN MARTIN: Okay. Thank you.

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With that, we'll close the record,
other than for the record request. Thank you,
everyone. We'll take this matter under
advisement. And we are adjourned.

***(Whereupon the hearing was adjourned
at 11:04 a.m.)***