

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

3
4 **July 22, 2020** - 1:07 p.m.

5 *[Remote Hearing conducted via Webex]*

6
7 **RE: DE 20-095**
8 **EVERSOURCE ENERGY:**
9 **Petition for Adjustment to Stranded**
10 **Cost Recovery Charge.**

11
12 **PRESENT:** Chairwoman Dianne Martin, Presiding
13 Cmsr. Kathryn M. Bailey
14 Cmsr. Michael S. Giaimo
15
16 Doreen Borden, Clerk
17 Stephen Edelblut, PUC Remote Hearing Host

18
19 **APPEARANCES:** **Reptg. Eversource Energy:**
20 Jessica A. Chiavara, Esq.
21
22 **Reptg. PUC Staff:**
23 F. Anne Ross, Esq.
24 Rich Chagnon, Asst. Dir./Electric Div.
 Stephen Eckberg, Electric Division

 Court Reporter: Steven E. Patnaude, LCR No. 52

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I N D E X

PAGE NO.

WITNESS: ERICA L. MENARD

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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.
1	Petition for an Adjustment to its Stranded Cost Recovery Charge, including the Testimony of Erica L. Menard, with attachments (06-11-20)	<i>premarked</i>
2	Correct Testimony of Erica L. Menard, with attachments (07-14-20)	<i>premarked</i>
3	Letter from Matthew J. Fossum (Eversource Energy) to Debra A. Howland (NHPUC) Re: Order No. 26,099 ("Finance Order"), Docket No. DE 17-096, Periodic RRB Charge True-up Mechanism Advice Filing [3 pages] (07-09-20)	<i>premarked</i>

P R O C E E D I N G

1
2 CHAIRWOMAN MARTIN: We're here this
3 afternoon in Docket DE 20-095, which is
4 Eversource's Petition for Adjustment to its
5 Stranded Cost Recovery Charge for the period
6 beginning August 1, 2020.

7 We need to make the required findings
8 for the 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.

16 Please note that there is no physical
17 location to observe and listen contemporaneously
18 to this hearing, which was authorized pursuant to
19 the Governor's Emergency Order. However, in
20 accordance with the Emergency Order, I am
21 confirming that we are utilizing Webex for this
22 electronic hearing. All members of the
23 Commission have the ability to communicate
24 contemporaneously during this hearing through

1 this platform, 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 during the hearing, please call
8 (603)271-2431. In the event the public is unable
9 to access this hearing, the hearing will be
10 adjourned and rescheduled.

11 Okay. Let's start by taking attendance
12 of the Commission here. When a Commissioner
13 identifies themselves, please also state if anyone
14 else is with you and identify them.

15 My name is Dianne Martin. And I am the
16 Public Utilities Commission Chairwoman. And I am
17 alone.

18 Commissioner Bailey.

19 CMSR. BAILEY: Good afternoon.
20 Commissioner Kathryn Bailey. And I am alone.

21 CHAIRWOMAN MARTIN: Commissioner
22 Giaimo.

23 CMSR. GIAIMO: Commissioner Michael
24 Giaimo. I, too, am alone.

1 CHAIRWOMAN MARTIN: Okay. Thank you.
2 And I'll take appearances, starting with
3 Ms. Chiavara.

4 MS. CHIAVARA: Yes. Good afternoon,
5 Chairwoman and Commissioners. Jessica Chiavara,
6 counsel for Eversource. I am alone.

7 CHAIRWOMAN MARTIN: Okay. And
8 Ms. Ross.

9 MS. ROSS: Good afternoon,
10 Commissioners. Anne Ross, Staff Attorney with
11 the Public Utilities Commission. And with me as
12 participants are Rich Chagnon, Assistant Director
13 of the Electric Division, and Kurt -- excuse
14 me -- Steve Eckberg, an Analyst in the Electric
15 Division.

16 CHAIRWOMAN MARTIN: Okay. Thank you.
17 I have Exhibits 1, 2, 3 prefiled and premarked.
18 Anything else related to exhibits at this time?

19 *[No verbal response.]*

20 CHAIRWOMAN MARTIN: Okay. Seeing none.
21 Any other preliminary matters we need to talk
22 about now?

23 *[No verbal response.]*

24 CHAIRWOMAN MARTIN: All right. Seeing

[WITNESS: Menard]

1 none, then we'll proceed with the witnesses.
2 Actually, it looks like we just have one.

3 MS. CHIAVARA: Yes.

4 CHAIRWOMAN MARTIN: Mr. Patnaude. If
5 you could swear her in. Welcome back, Ms.
6 Menard.

7 (Whereupon **Erica L. Menard** was duly
8 sworn by the Court Reporter.)

9 CHAIRWOMAN MARTIN: Okay. Thank you.
10 Ms. Chiavara, you can proceed.

11 MS. CHIAVARA: Thank you, Chairwoman
12 Martin. Good afternoon all, again.

13 **ERICA L. MENARD, SWORN**

14 **DIRECT EXAMINATION**

15 BY MS. CHIAVARA:

16 Q Ms. Menard, could you please state your name and
17 your title of your role at Eversource please?

18 A Yes. My name is Erica Menard. I'm the Manager
19 of Revenue Requirements for New Hampshire. And
20 I'm employed by Eversource Energy Service
21 Company, in Manchester, New Hampshire. In my
22 position, I am responsible for the calculation of
23 revenue requirements for Distribution rates,
24 Transmission Cost Adjustment Mechanism, Stranded

[WITNESS: Menard]

1 Cost Recovery Charge, Energy Service, and System
2 Benefits Charge rates.

3 Q Thank you. And have you testified before this
4 Commission previously?

5 A Yes.

6 Q Thank you. Did you file testimony as part of the
7 materials that were submitted on June 11th, 2020?

8 A Yes, I did.

9 Q And was that testimony prepared by you or at your
10 direction?

11 A Yes, it was.

12 Q Do you have any changes or updates to make to the
13 June 11th submission?

14 A No. The June 11th submission was a preliminary
15 filing. And it was intended to be updated with
16 the July filing.

17 Q Great. Thank you. Moving to the July filing,
18 did you also submit testimony as part of the
19 materials submitted originally on July 10th,
20 which were then corrected and resubmitted on July
21 14th, 2020?

22 A Yes.

23 Q And can you briefly explain the nature of the
24 correction that led to the resubmission on July

[WITNESS: Menard]

1 14th?

2 A Yes. Upon reviewing the July 10th submission, it
3 was noticed that the Chapter 340 Adder
4 miscalculated the rate, and needed to be
5 multiplied by 100 to convert that rate. So, a
6 revised filing was submitted on July 14th.

7 Q Great. And was that testimony prepared by you or
8 at your direction?

9 A Yes.

10 Q And do you have any additional changes or updates
11 to the testimony at this time?

12 A No.

13 Q Do you adopt the July 14th submission as your
14 testimony today?

15 A Yes, I do.

16 Q And, then --

17 CHAIRWOMAN MARTIN: Excuse me,
18 Ms. Chiavara. I apologize for interrupting. I
19 just want to confirm for the record that, in the
20 earlier case today, that the changes that were
21 referenced in Ms. Menard's testimony were -- are
22 included in the prefiled, premarked exhibit?

23 MS. CHIAVARA: The corrected -- the
24 corrected filing, the one that was submitted on

[WITNESS: Menard]

1 July 14th, is the submission marked as "Exhibit
2 2", yes.

3 CHAIRWOMAN MARTIN: Excellent. Thank
4 you.

5 BY MS. CHIAVARA:

6 Q Okay. So, we are turning to what's premarked as
7 "Exhibit 3". Ms. Menard, did Eversource file a
8 Periodic Rate Reduction Bond True-up Advice
9 letter on July 9th, 2020?

10 A Yes.

11 Q Okay. That same letter is marked today for entry
12 as "Exhibit 3". Could you please explain what
13 this document is?

14 A Yes. This exhibit is the filing that sets the
15 Rate Reduction Bond rates. And that filing --
16 those Rate Reduction Bonds are a product of the
17 generation asset divestiture. And the rates are
18 adjusted -- reviewed on an annual basis, adjusted
19 on an annual basis, and there are options to
20 adjust those rates at a mid-year, submitted by
21 July 15th, or on an emergency basis.

22 This particular filing, made on July
23 9th, was the mid-year true-up. And it was
24 submitted to ensure that the Company had enough

[WITNESS: Menard]

1 funds to make the principal payments, in light of
2 estimated reductions in remittances as a result
3 of the COVID pandemic.

4 Q Okay. Thank you. Are the resulting RRB rates
5 incorporated into the August 1st, 2020 rate
6 update filed on July 14th?

7 A Yes, they are. Those are included in the Part 1
8 costs.

9 MS. CHIAVARA: Thank you. If they
10 haven't been already, can I enter Exhibits 1, 2,
11 and 3 into the record please?

12 CHAIRWOMAN MARTIN: You can. We'll
13 actually do that just at the end, --

14 MS. CHIAVARA: Okay.

15 CHAIRWOMAN MARTIN: -- because we want
16 to go through all your testimony first.

17 MS. CHIAVARA: Okay. Thank you.

18 CHAIRWOMAN MARTIN: Yes.

19 BY MS. CHIAVARA:

20 Q Ms. Menard, could you please explain what the
21 Company is requesting of the Commission in this
22 docket?

23 A Yes. The Company is requesting an update to the
24 Stranded Cost Recovery Charge rate for effect on

[WITNESS: Menard]

1 August 1st. This rate filing includes the
2 reconciliation of the past 12-month period, and
3 incorporates any over- or under-collection in
4 that rate and set a new rate. It also
5 incorporates the RGGI refund adjustment, and also
6 the Chapter 340 rate as well.

7 Q Turning specifically to Exhibit 2, could you
8 provide a brief overview of what that exhibit
9 entails?

10 A Yes. Exhibit 2 contains testimony supporting the
11 rate calculation, as well as a series of
12 schedules with the specific rate calculations.

13 Attachment ELM-1 contains forecasted
14 SCRC rate calculations for the 2020 rate year.
15 That rate year runs from February 2020 through
16 January 2021.

17 Attachment ELM-2 contains exhibits that
18 update February 2019 through January -- sorry,
19 through April 2020 costs, and an updated forecast
20 for -- sorry, it goes through May of 2020, and
21 then updated June through August forecasted
22 costs.

23 Attachment ELM-3 contains updated
24 forecasted RGGI rate calculations for the

[WITNESS: Menard]

1 forecast period.

2 And ELM-4 contains reconciliation of
3 RGGI costs for the prior 12-month period.

4 Attachment ELM-5 contains the Chapter
5 340 Adder costs, which are the result of some
6 settlement agreement in Docket Number DE 19-142,
7 which is related to the Burgess PPA amendment.

8 Attachment ELM-6 contains residential
9 rate comparisons for the various rates that will
10 be changing on August 1st.

11 And Attachment ELM-7 contain redlined
12 tariff provisions reflecting the proposed
13 changes.

14 Q Okay. And can you take us through the proposed
15 adjustment to each rate class from the current
16 SCRC rate?

17 A Yes. On Bates Page 004, all of the rate
18 calculation changes are listed. I'll just -- I
19 want to go through those.

20 So, for the Rate Class R, the updated
21 rate is 1.221 cents per kilowatt-hour, as opposed
22 to the current rate of 1.143 cents a
23 kilowatt-hour.

24 Rate Class G has an updated rate of

[WITNESS: Menard]

1 1.130 cents per kilowatt-hour, compared to the
2 current rate of 1.086 cents per kilowatt-hour.

3 Rate Class GV contains an updated rate
4 of 1.036 cents per kilowatt-hour, as opposed to
5 the current rate 0.975 cents per kilowatt-hour.

6 Rate Class LG has an updated rate of
7 0.734 cents per kilowatt-hour, compared to the
8 current average rate of 0.635 cents per
9 kilowatt-hour.

10 And the Lighting rate classes have an
11 updated rate of 1.147 cents per kilowatt-hour,
12 compared to the current rate of 1.280 cents per
13 kilowatt-hour.

14 And those rates reflect the Chapter 340
15 Adder, and do not reflect the RGGI Rate Adder.
16 The RGGI Rate Adder is calculated at -- the
17 updated rate is a negative 0.120 cents per
18 kilowatt-hour, which is compared to the current
19 rate of negative 0.132 cents per kilowatt-hour.

20 And just to note, the Chapter 340
21 Adder, the updated rate is 0.607 cents a
22 kilowatt-hour for all customers, compared to
23 0.435 cents per kilowatt-hour in the current
24 rate.

[WITNESS: Menard]

1 Q Okay. And could you please summarize the
2 explanation that you provide in Exhibit 2, on
3 Bates Page 006, providing the major reasons for
4 the increase in the SCRC rate, as compared to the
5 current rates in effect?

6 A Yes. Overall, there is an increase to the
7 Stranded Cost rates to the August update. And
8 it's due primarily to lower kilowatt-hour sales
9 and energy market prices. The Part 1 and 2 costs
10 overall have decreased \$4.1 million, and that's
11 offset by an overall increase in the Chapter 340
12 Adder cost of \$6.7 million.

13 The Part 1 costs had increased due to
14 the change in the RRB rates that we've discussed
15 that are shown in Exhibit 3.

16 And then, Part 2 costs are lower,
17 mainly due to some credits that have been
18 received that were not included in the initial
19 forecast, and due to a lower -- or, I'm sorry,
20 due to a higher prior period over recovery.

21 The Chapter 340 Adder costs are
22 increasing due to lower market prices, which is
23 driving a higher over-market cost for Burgess.

24 Q Okay. In the table on Bates Page 006, also in

[WITNESS: Menard]

1 Exhibit 2, in your testimony, there is a line
2 called "Prior Period Under or Over Recovery".
3 Could you please further describe the over
4 recovery of "\$20.674 million" as of January 31st,
5 2020, and the factors that contributed to that
6 calculation?

7 A Yes. So, the two comparison numbers in this
8 table show the under recovery -- sorry -- the
9 over recovery as of January 31st, 2020. In the
10 February rate, it was \$19.9 million. The updated
11 August rate is \$20.7 million. The difference is,
12 we've factored in some actual costs, rather than
13 forecasted costs.

14 So, in general, the \$20.7 million over
15 recovery is due to -- there's several residual
16 generation property tax credits related to
17 settlement agreements that have been reached,
18 that accounts for about \$4.8 million of the over
19 recovery. There is some residual generation
20 pension credits that accounts for about \$5.2
21 million. There were some REC sales proceeds,
22 accounts for about \$5.1 million, that were not
23 originally included in the February rate
24 forecast.

[WITNESS: Menard]

1 And there were some other various
2 credits related to Department of Energy,
3 Seabrook, some REC revenues were higher than
4 anticipated due to REC prices going up, so that
5 creates more of a revenue credit for stranded
6 cost customers.

7 And then, we have also experienced
8 higher revenues than originally forecast as
9 well.

10 Q Okay. Okay. During the technical session that
11 was held on July 16th, there was a calculation in
12 Exhibit 2. This was noted by Commission Staff.
13 Can you provide the explanation of the Part 1
14 calculations on Bates Page 023, that is also --
15 it's Page 1 of 6 of Attachment ELM-1? And
16 particularly, why the allocation percentages in
17 the table headers don't appear to align with the
18 calculations that follow beneath them?

19 A Yes. In our technical session, we went through
20 the Part 1 costs. And the Part 1 costs are not
21 allocated the same way that Part 2 costs are
22 allocated. Part 1 costs are the Rate Reduction
23 Bonds. And the way that those are calculated is,
24 it's the RRB rate times the remittances that come

[WITNESS: Menard]

1 in.

2 So, while the RRB rate itself is set
3 according to the percentages that were prescribed
4 in the Generation Settlement Agreement, the
5 actual remittances don't always align with the
6 prescribed percentages. So, any time that
7 varies, where the remittances come in different
8 than the prescribed percentages -- the prescribed
9 allocation, those -- the allocation of those
10 costs or the recovery of those costs through Part
11 1 will not align with the prescribed percentages.

12 So, for example, the Residential class,
13 the Rate R class, the actual costs are coming in
14 a bit higher than the prescribed percentage.
15 Those are coming in at around a little over 49
16 percent, whereas the prescribed percentage is
17 48.75 percent.

18 The Rate G and GV are very closely
19 aligned with the prescribed allocation. However,
20 Rate G -- or, sorry, Rate LG is a bit lower.
21 Those are coming in at around 5.4 percent,
22 whereas the allocation percentage is 5.75
23 percent.

24 And Outdoor Lighting is a bit lower

[WITNESS: Menard]

1 than half a percent. That's coming in at 0.4
2 percent.

3 So, these variances will cause the
4 allocation of costs to not align with the
5 allocation themselves.

6 Q Okay. Thank you. During the same technical
7 session on July 16th, Staff also asked about a
8 sentence on Bates Page 016, Line 6 and 7. The
9 sentence reads "In that the settlement funds have
10 been recovered, that amount is included as a
11 one-time reconciliation item." Have the funds
12 been recovered already? And, if so, why are they
13 being recovered again?

14 A Yes. So, once Staff pointed that out, we had
15 some discussion. The settlement funds have not
16 already been recovered. We are not recovering it
17 twice. So, really, the sentence should read "In
18 that the settlement funds have been approved for
19 recovery, that amount is included as a one-time
20 reconciliation item."

21 Those, the CSL Settlement amount of
22 \$3.4 million was approved in Docket DE 17-075,
23 for approval in the August 2019 stranded cost
24 rate.

[WITNESS: Menard]

1 Q Staying with Exhibit 2, could -- or, it's Exhibit
2 2, could you please describe what is shown in
3 Attachment ELM-6?

4 A Yes. ELM-6 is the -- you take the calculated
5 rate, the updated rate by rate class, and convert
6 that into rate -- a specific tariff rate. So,
7 the first -- the first pages, Bates Pages 041
8 through 043, are just performing those
9 calculations, comparing current rates to the
10 proposed rates, calculating an adjustment factor,
11 and then applying that adjustment factor to the
12 tariff rates themselves.

13 And then, on Bates Page 044 and 045,
14 this is a comparison of a Residential Rate R
15 customer, showing the August 2020 rate compared
16 to the current rate set back in February, on
17 Bates Page 044. And then, on Bates Page 045,
18 it's comparing the August 2020 rate to the rate
19 from one year prior. And both of those exhibits
20 include all rate changes that are proposed as
21 of -- for the August update. So that would
22 include the Transmission Cost Adjustment
23 Mechanism, the stranded costs, which are the
24 subject of this current proceeding, as well as

[WITNESS: Menard]

1 the one we just had. And then, the Energy
2 Service rate update, which was approved in a
3 prior proceeding.

4 Q Okay. Could you describe, in Exhibit 2, what is
5 provided in Attachment ELM-7?

6 A ELM-7 contains the updated tariff pages. There's
7 a clean and a redlined version. And, if
8 approved, these would be implemented.

9 Q Thank you. And could you please reiterate
10 Eversource's request, in terms of what is being
11 asked of the Commission to approve here?

12 A Yes. The Company is requesting that the
13 Commission review and approve the updated average
14 SCRC rate, including the RGGI Adder and including
15 the Chapter 340 Adder. These would take effect
16 on August 1st. And these proposals are shown in
17 Exhibit 2, in the July 14th filing. And we would
18 request approval by July 27th, in order to have
19 time to implement rates.

20 Q And is it the Company's position that the updated
21 SCRC rates are just and reasonable?

22 A Yes.

23 MS. CHIAVARA: Thank you, Ms. Menard.

24 That's all I have.

[WITNESS: Menard]

1 CHAIRWOMAN MARTIN: Okay. Thank you.

2 Ms. Ross.

3 MS. ROSS: I just have a few
4 clarifications.

5 **CROSS-EXAMINATION**

6 BY MS. ROSS:

7 Q And one of my first questions is, as I look at
8 the redlined tariff, which is your EM-7 -- ELM-7,
9 on the last page you have the redline, what you
10 call the "Total Rate". And let's just take
11 Residential. The total redline rate is "1.091",
12 which doesn't appear to match the "1.221" rate in
13 your testimony, on Bates Page 005. And so, I'm
14 wondering why there's a difference?

15 A Yes. Those are -- so, if you look on Bates Page
16 023, the bottom line, 14, so, for example, Rate R
17 is "1.091". That 1.091 includes Part 1 and Part
18 2, it includes Chapter 340, and it includes the
19 RGGI Adder.

20 And I think, I don't know which Bates
21 page exactly you were referencing, but I think
22 it's the table, and I believe that excludes the
23 RGGI Adder. I think you were referring to Bates
24 Page 005?

[WITNESS: Menard]

1 Q Yes.

2 A Yes.

3 Q All right.

4 A So, if you were to look on Bates Page -- I'm
5 sorry.

6 Q So, even on the very first page of your filing,
7 in your letter from your counsel, you have a
8 chart with an updated rate of "1.221". But, in
9 fact, that does not include the RGGI Adder, is
10 that correct?

11 A Yes.

12 Q And, so, it's a little confusing. That means
13 that, essentially, the SCRC rate is, once you
14 include the RGGI Adder, is 1.09 that the --
15 1.091, the rate that is exactly shown in the
16 tariff?

17 A Yes.

18 Q So, that actually is the SCRC rate that you're
19 asking the Commission to approve?

20 A Yes.

21 Q Okay. All right. And just a couple of
22 clarifications.

23 The Company last year agreed to break
24 out costs of the ISO-New England charges and

[WITNESS: Menard]

1 other residual hydro O&M, so that we could see
2 them separately. And Staff just wants to
3 acknowledge that you did, in fact, do that in
4 your testimony, so that we can now see residual
5 generation O&M as a separate item. So, thank
6 you. That is on Lines 11 and 12 of your ELM-2,
7 Page 5 and 6.

8 And, in addition, the Company has
9 included 3.4 million of expenses, which related
10 to the CSL Contract Settlement. And you just
11 clarified the sentence that referenced that.
12 That I just want to confirm, the Company had
13 actually paid that amount, and is now asking to
14 recover it, as a result of the Commission
15 approving that payment, the recovery of that
16 payment?

17 A Correct.

18 Q Okay. And, again, Bates Page 012 of your
19 testimony, the Company is now including net
20 metering costs in its SCRC rate. And there is an
21 explanation on Bates Pages 012 through 013 for
22 why this is appropriate. And Line -- Page 5 of
23 6, Line 15, show the actual monthly amounts
24 included through May 2020. The Company does not

[WITNESS: Menard]

1 forecast amounts for the months of June through
2 January, as they would be estimates.

3 Staff has asked the Company to provide
4 details on the calculation of these net metering
5 costs, and the Company has agreed to do so.
6 Staff sees no reason not to include the costs at
7 this time. However, if a review of the
8 calculations that are provided create any concern
9 for Staff, then these adjustments could be made
10 in a future SCRC reconciliation?

11 A Yes.

12 Q Okay. Thank you. That's just to clarify for the
13 record.

14 We've already covered the RGGI Adder,
15 which, as I understand it, just confirm, is on a
16 uniform per kilowatt-hour basis, as it's in the
17 statute?

18 A Yes.

19 Q Okay. So, that is not updated per the settlement
20 agreement. And I assume that you calculated that
21 appropriately when you credited it to the
22 different rate classes?

23 A Yes.

24 Q Okay. I just want to review the reason for the

[WITNESS: Menard]

1 increase in costs under the Chapter 340 costs,
2 which are related to the Burgess Biomass plant.
3 Can you confirm that the large increase is due to
4 the fact that we're seeing a full year's worth of
5 over-market costs now in the rate, which is a
6 partial year in the prior rate?

7 A In the prior rate, we had a full year of
8 forecasted costs. This -- the change is largely
9 two-fold. One is, we have layered in actuals,
10 and then, two, is updated the forecast.

11 We are seeing, as you saw in the Energy
12 Service rate, you're seeing market prices go
13 down, which is great for Energy Service. But, in
14 the stranded costs, that creates a higher
15 above-market amount. And so, that's the reason
16 for the Chapter 340 increase.

17 Q Okay. Thank you. That's helpful. Are you also
18 seeing diminished loads, so that these costs have
19 to be recovered over a smaller amount of
20 consumption?

21 A Yes. We started seeing -- so, as a result of the
22 COVID pandemic, we saw loads decrease slightly.
23 We have not updated our future forecast, because
24 we don't know if the sales are going to rebound

[WITNESS: Menard]

1 and return to normal. So, we've continued to use
2 a normalized forecast, consistent with what we
3 had forecast previously. But, when we did layer
4 in some actual costs, we did see some of the
5 sales are lower than what we had previously
6 forecast.

7 Q Do you have a mid-year adjustment option on this
8 rate?

9 A This is the mid-year adjustment.

10 Q Oh. Okay. So, then, we get to the end of the
11 year and we have to reset for the following year?

12 A Correct. Yes.

13 MS. ROSS: All right. I think that's
14 all I have.

15 Steve, you're on the line. Are there
16 any other follow-ups that you want to bring up
17 for Staff? I'm sorry, yes, on behalf of Staff?
18 Steve Eckberg?

19 *[No verbal response.]*

20 MS. ROSS: Hearing none, I think we are
21 finished. Thank you.

22 CHAIRWOMAN MARTIN: Okay. Thank you.

23 MR. EDELBLUT: I actually just have --
24 he was on "mute".

[WITNESS: Menard]

1 CHAIRWOMAN MARTIN: Okay.

2 MR. EDELBLUT: All right. Steve,
3 you're unmuted.

4 MR. ECKBERG: Oh. I just want to let
5 Attorney Ross know that I did not have any
6 further questions. Thank you for that.

7 MS. ROSS: Thank you.

8 CHAIRWOMAN MARTIN: All right. Thank
9 you. Okay. Commissioner Bailey.

10 CMSR. BAILEY: Thank you. I just have
11 a follow-up question about the CSL Settlement.

12 BY CMSR. BAILEY:

13 Q It was my understanding last year that we
14 approved for recovery the CSL Settlement of \$3.4
15 million. Why didn't you recover it over the last
16 year?

17 *[Court reporter interruption due to*
18 *inaudible audio.]*

19 **BY THE WITNESS:**

20 A Yes. The CSL Settlement, \$3.4 million, was
21 approved for recovery in the August 2019 rate.
22 So, it is included, on Bates Page 033, in April
23 of 2019. So, it's included in the rate
24 calculation. This rate includes a reconciliation

[WITNESS: Menard]

1 of the prior period, as well as a forecast of the
2 next period. So, that's -- it is included in
3 there. It's just showing up because, you know,
4 we're still dealing with 2019 costs.

5 BY CMSR. BAILEY:

6 Q So, you were authorized to recover \$3.4 million
7 as of August 1st last year, and you're saying --
8 how much have you recovered of that?

9 A It was included in the August 2019 rate.

10 Q Okay. So, I don't understand what you're
11 including this year with respect to that?

12 A So, this current August rate includes a
13 reconciliation of the prior August rate. So, we
14 included -- so, Attachment ELM-2 is a
15 reconciliation, because much of those costs were
16 forecasted at the time. So, you reconcile it
17 with actuals. So, it was included in the August
18 rate, we reconcile it. Any over/under recovery
19 flows through to this current rate in February.
20 And then, this is the update to that February
21 rate. So, it's just -- it's because it's
22 included in the reconciliation period.

23 Q Okay. All right. Can you show me the page where
24 the reconciliation is accounted for in this

[WITNESS: Menard]

1 filing?

2 A So, Bates Page 033.

3 Q Okay. Where is it on that page?

4 A Bates Page 033. So, this is the reconciliation,
5 the header "Reconciliation for the Period Ended
6 January 31, 2020".

7 Q Okay.

8 A And, so, -- whoops.

9 Q Well, go ahead.

10 A Okay. So, those costs are trued up. At the
11 bottom, you get the total costs. This is Part 2.
12 You do the same thing with Part 1. And then, if
13 you move to -- I guess, if you move to Bates Page
14 029, this is essentially where you see, you've
15 got your Part 1 reconciliation costs, you've got
16 your Part 2. These are actuals at this point.
17 And then, so, you got your total updated costs,
18 your total updated revenues. And then, this is
19 where your over/under recovery is calculated.
20 Then, that flows through to your forecast period.
21 Don't want to go too fast.

22 Q You're going too fast. So, on Bates Page 033, it
23 says that, in April of 2019, you attempted to
24 collect 3.4 million?

[WITNESS: Menard]

1 A We included \$3.4 million of costs in the rate,
2 yes.

3 Q Okay. So, that should have been collected in
4 April of 2019? Well, --

5 A It was included in the August '19 rate, yes.

6 Q Okay. And then, show me how much you collected
7 of that or why is there a reconciliation?

8 A So, I'll step back. It has nothing to do with
9 CSL, it's just reconciliation in general. So,
10 right now, we are setting the August 2020 rate.
11 So, we have some actual costs and we have some
12 forecasted costs. We set the rate.

13 Q Okay.

14 A Then, we go through the year. Next year, next
15 August, we're going to reconcile the rate that we
16 set with the actual costs that come in. And any
17 over or under recoveries will flow through to the
18 next rate.

19 So, the August 2019 rate, these are the
20 costs that were included. CSL contract was one
21 of many items included. We're now coming back.
22 We're updating all of the actuals -- all of the
23 forecasts with the actuals, calculating an
24 over/under recovery, and then flowing that

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1 through this rate.

2 I don't know if that's helpful.

3 Q Well, on Bates Page 017, you say "Explain the
4 reasons for over recovery". And, on the top of
5 Bates Page 018 -- yes, on the top of Bates Page
6 018, it says one of the reasons for over
7 recovery is "the lower costs are offset by the
8 following cost increases compared to the
9 forecast: \$3.4 million due to inclusion of the
10 CSL contract settlement." Can you explain what
11 that's saying?

12 A Yes. So, this is -- this is saying that -- so,
13 when we set -- when we set the rate back, this
14 would have been for -- so, when we're in
15 February, that starts the year for our SCRC rate.
16 And then, we come in in August and we do some
17 reconciliation.

18 So, in our February 2019 rate, we did
19 not have the CSL Settlement cost. We received
20 approval to recover that in the August 2019 rate,
21 that was included. And then, we're here
22 reconciling. So, when we're comparing -- when
23 we're comparing from reconciliation purposes --
24 and I know this always trips me up, too. You

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1 have to say what's in the original versus what's
2 in there now. And, so, you compare what was in
3 the forecast versus what is now in the actuals.
4 And anything that wasn't in the forecast is in
5 actuals causes a variance. And that would be
6 called a "reconciling" item.

7 Q I don't understand your explanation. So, in
8 February -- in February of '19, you weren't
9 authorized to collect it. You were authorized to
10 collect it in August of 2019. And you put it in
11 the rate in April of 2019, that's what Bates Page
12 033 shows?

13 A We were authorized to collect it in the
14 August 2019 rate.

15 Q Right. So, why is it in the "April 2019" column,
16 on Page 33?

17 A I believe that's when the actual order came out.

18 Q Oh. April 2020, not April 2019? Is that what
19 you --

20 A Correct. Yes. Yes.

21 Q Okay. Can you explain to me why the Outdoor
22 Lighting rate is being reduced?

23 A Yes. As I was discussing at the beginning, it's
24 due to the fact that Part 1 costs are not

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1 allocated in the same fashion as -- or, did I say
2 "Part" -- Part 1 costs are not allocated
3 according to the prescribed allocation
4 percentages. So, because of the way the outdoor
5 lighting sales are coming in, it's causing the
6 over recovery to flow through Outdoor Lighting a
7 little bit higher than the other classes. So,
8 that's causing the rate to be lower.

9 CMSR. BAILEY: Okay. Thank you.
10 That's all I have.

11 CHAIRWOMAN MARTIN: Commissioner
12 Giaimo.

13 CMSR. GIAIMO: I don't have much. I
14 think I have two questions.

15 BY CMSR. GIAIMO:

16 Q Ms. Menard, my first question is having to do
17 with the Chapter 340 numbers. I'm trying to
18 remember what number we were presented with in
19 the proceeding as to the potential total costs
20 associated with Chapter 340. And, for some
21 reason, I think it was between 25 and 40 million.

22 I guess I'm asking you, given the lower
23 wholesale prices, does that number need to be
24 modified? Should we expect a much higher

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1 customer impact?

2 A I believe you are right on that range. I don't
3 think so, because I think we're still projecting
4 to be within the \$40 million range for the year.
5 So, I think it's -- I think it's still a valid
6 range.

7 Q I'm sorry, 40 million for the year? Forty (40)
8 million for the year for three years would be 120
9 million, right?

10 A Oh. You were talking for the three-year period?
11 Yes. It was, I want to say, 80 to 90 million for
12 the three-year period, if I recall.

13 Q Okay.

14 A I'd have to go back and look to see what we had
15 said.

16 Q And, again, I may be misremembering. So, to the
17 extent that you are testifying that you think
18 we're within the range that we were anticipating
19 when we originally had that docket open?

20 A Yes.

21 Q Okay. Thank you. That helps.

22 A I think we are.

23 Q And, obviously, if not, I think, to the extent
24 you can -- the Company can inform the Commission

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1 of that as soon as possible, that would be
2 helpful, obviously.

3 A Okay.

4 Q And my other question has to do with the \$18.4
5 million in higher than anticipated securitization
6 relative to the divestiture costs.

7 A Yes.

8 Q And my understanding is, it hasn't hit the books
9 yet, but it will hit the books next year, is that
10 right? So, next year, in 2021, when we're in the
11 same case, we could see -- we could see that
12 starting to funnel through to the ratepayers?

13 A Yes. That \$18.4 million is subject to the
14 generation divestiture proceeding. So, whatever
15 the ultimate number that comes out of that will
16 flow through stranded costs, in whatever fashion.
17 Whether it's, you know, layered in once, a
18 one-time cost, or over a number of years, I think
19 we would likely have that discussion in that
20 docket.

21 Q Okay.

22 A But it would flow through this rate, yes.

23 Q It would flow through this rate, and it will flow
24 through this rate this time next year?

[WITNESS: Menard]

1 A I would imagine so. I think we're on target to
2 reach an agreement by the end of the year, yes.

3 CMSR. GIAIMO: All right. Thank you.
4 That's all the questions I have. Thank you,
5 Ms. Menard.

6 CHAIRWOMAN MARTIN: Okay. And I don't
7 have any questions.

8 Ms. Chiavara, do you have some
9 redirect?

10 MS. CHIAVARA: No. I have nothing at
11 this time.

12 CHAIRWOMAN MARTIN: Okay. Thank you.
13 And, so, at this time, we will strike on Exhibits
14 1, 2, 3, and admit them as full exhibits.

15 Closing statements. Want to start,
16 Ms. Ross?

17 MS. ROSS: Staff appreciates the
18 Company's willingness to meet with us in a
19 technical session before the hearing, in order to
20 clarify some aspects of their filing.

21 We suggest the Company consider
22 including estimates of the monthly net metering
23 costs into the calculation, as this may help
24 reduce the possibility of under-collection in the

1 SCRC rate.

2 And we -- Staff recommends approval of
3 the rates requested in the updated testimony.

4 CHAIRWOMAN MARTIN: Thank you.

5 Ms. Chiavara.

6 MS. CHIAVARA: Thank you.

7 I just wanted to thank Staff for their
8 help and their input during the July 16th
9 technical session. The questions that they asked
10 and the guidance they provided were very helpful
11 in preparing for today's hearing.

12 And I thank the Commission for taking
13 the time this afternoon, even though there were
14 time pressures. So, thank you for listening to
15 us.

16 And we encourage that -- we ask that
17 the Commission adopt the SCRC rates as suggested
18 today.

19 Thank you.

20 CHAIRWOMAN MARTIN: Okay. Thank you
21 very much. I want to thank everyone for what has
22 obviously been a concerted effort to move through
23 this as quickly as humanly possible. So, thank
24 you for that.

1 We'll take the matter under advisement.

2 And the hearing is adjourned. Have a good day.

3 ***(Whereupon the hearing was adjourned***

4 ***at 1:57 p.m.)***

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