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Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301

**Re: DOCKET NO. DE 19-142 - PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a
EVERSOURCE ENERGY**

***Rate Recovery of Costs in Excess of the Cumulative Reduction Cap
Under the Power Purchase Agreement with Berlin Station, LLC***

Responses to Commission's Request for Exhibits

Dear Director Howland:

During the January 9, 2020 Prehearing Conference in this proceeding, the Commission requested that Public Service Company of New Hampshire respond to two questions. The responses to the Commission's questions are attached. Exhibits 1 and 2 have been reserved for these responses.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Bersak".

Robert A. Bersak
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cc: Service List

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Exhibit 1 – Commission Record Request made during Prehearing Conference of January 9, 2020

The Commission asked for the monetary impact that implementation of 2018 N.H. Laws, Chapter 340 (SB 577) relating to the Burgess BioPower facility in Berlin would have on a typical Residential (Rate R) customer. To respond to this question, one must first look at a baseline of what would have happened without the enactment of SB 577.

The PPA governing sales from Burgess to Eversource was approved by the Commission by Order No. 25,213 issued in Docket No. DE 10-195 (the "Amended and Restated Power Purchase Agreement" or "PPA" dated May 18, 2011). That PPA has a "operating year" that runs from December 1 to November 30. The PPA includes a "cumulative reduction fund" or "CRF" concept (see Section 6.1.4). In a nutshell, a record would be kept of the overmarket portion of the costs of energy sales by Burgess to Eversource. Under the PPA, nothing would happen regarding that CRF accounting unless and until the amount of that account exceeded \$100 Million.

The \$100 Million is a cap on over-market energy costs under the PPA. Once the CRF hit the \$100 Million cap, then the operation of that CRF cap mechanism would start as of the beginning of the next PPA operating year. If/when the \$100 Million CRF cap was exceeded, then the amount above the \$100 Million cap would be refunded to customers over the next PPA operating year via reductions in payments to Burgess.

The CRF hit the \$100 Million mark in September, 2019. On November 30, 2019, the end of the operating year, the above-market energy cost balance was \$106,976,602.56. Hence, the CRF cap mechanism would go into operation as of December 1, 2019 (the beginning of the next PPA contract year).

First, under the PPA the \$106,976,602.56 balance had to be adjusted to account for excess generation. Section 6.1.3 of the PPA created an annual limitation on energy sales from the plant. If such sales exceeded 500,000 MWh during a contract year, the PPA calls for a price adjustment. In this case, sales exceeded the 500,000 MWh limit, and the PPA requires an Excess MWh price adjustment of \$1,709,924.80. This price adjustment lowers the cost of energy to customers. This adjustment also lowers the above-market costs in the CRF, resulting in a net CRF balance of \$105,266,677.76.

The PPA requires that this \$5,266,677.76 amount above the \$100 M cap be used to reduce the cost of energy sales from Burgess over the 12 months of the next operating year. Therefore, starting with generation from Burgess in December, 2019, each month the energy bill from Burgess would be reduced by \$438,889.81 (that is, one-twelfth of the \$5,266,677.76 amount). This price adjustment would be reflected in the SCRC and customers would benefit over the year from the PPA's CRF mechanism price reduction.

This is the base case under the existing PPA -- what the PPA calls for without the impact of SB 577. Without SB 577, the SCRC rate impact of implementing the CRF mechanism for Rate R starting on February 1, 2020 would have been an SCRC reduction of 0.0806¢/kWh. For a Rate R customer using 600 kWh per month, this rate reduction would amount to 48¢/month.

But the Legislature did enact SB 577. Under that law, the Commission was directed to *“amend its Order No. 25,213 (Docket DE 10-195) to suspend the operation of the cap on the cumulative reduction factor as set forth on page 97 of its Order for a period of 3 years from the date the operation of the cap would have otherwise taken effect.”* The Commission amended Order No. 25,213 on December 5, 2018 via Order No. 26,198.

Eversource and Burgess met in good faith over a period of months to discuss how to implement SB 577. Ultimately the “First Amendment to the Amended and Restated Power Purchase Agreement” (the “PPA Amendment”) dated November 19, 2019 was executed and filed with the Commission for approval under SB 577 and RSA 374:57 that same day.

The PPA Amendment does precisely what SB 577 calls for; i.e., the PPA Amendment suspends the operation of the cap from the date it would have otherwise begun (i.e., December 1, 2019) for three years (“beginning with the Operating Year ending on November 30, 2022”). Hence, if the PPA Amendment is approved, the operation of the CRF cap mechanism would not begin on December 1, 2019, and amounts above the \$100 M cap would not inure to the benefit of customers until the end of the three-year suspension period called for by SB 577.

If there had been no 2019 Burgess Settlement Agreement between the parties, this \$5,266,677.76 “increase” in cost resulting from SB 577 would flow to customers via the SCRC “rate design” set forth in the 2015 PSNH Restructuring Settlement and approved by the Commission by Order No. 25,920 in Docket No. DE 14-238. (Note that this SCRC rate design was referred to favorably by the Legislature in 2015 N.H. Laws 221, “AN ACT relative to electric rate reduction financing” in its amendment to RSA 369-B:3-a.) Under the 2015 Settlement SCRC rate design, residential customers are allocated 48.75% of the SCRC revenue requirement (instead of the 41.26% share that Rate R customers would be responsible for based upon Rate R customers’ energy consumption as a fraction of total energy consumption of all customers). Therefore, without the 2019 Burgess Settlement Agreement, 48.75% of the \$5,266,677.76 CRF amount would be allocated for recovery from residential customers.

Thus, since under SB 577 the “operation of the cap” would not take effect until the PPA contract year beginning on December 2022, the 0.0806¢/kWh SCRC reduction will not be implemented on February 1, 2020. Thus, a 600 kWh Rate R customer would not see the 48¢ monthly bill reduction that they would have received but for the enactment of SB 577.

However, in order to resolve all outstanding issues in this docket, Burgess, Eversource, OCA, and PUC Staff entered into the 2019 Burgess Settlement dated (and filed with the Commission) on December 31, 2019. Under that 2019 Burgess Settlement Agreement, the Settling Parties (being all parties to Docket No. DE 19-142 except the City of Berlin) have stipulated that the PPA Amendment should be approved, but that the costs created by SB 577 should be recovered from customers on an equal cents-per-kilowatthour basis and not using the 2015 Settlement Agreement rate design.

The 2019 Burgess Settlement Agreement was crafted in a way to maintain the bargain that was struck in the 2015 PSNH Settlement relating to recovery of stranded costs. That is, the costs of the Burgess PPA that were anticipated in 2015 would continue to be put into customer rates using the SCRC rate design contained in that 2015 PSNH Settlement. In 2015, the expectation was that 48.75% of all SCRC revenue requirements under the PPA would be allocated to residential customers. To maintain that 2015 understanding, 48.75% of the \$5,266,677.76 of CRF cap exceedance must first be allocated to residential

customers via a reduction in the Burgess PPA costs. Then, to effectuate SB 577, the 2019 Burgess Settlement called for the \$5,266,677.76 to be charged to customers on an equal cents-per-kilowatthour basis.

The “equal cents-per-kilowatthour” cost of SB 577 beginning on February 1, 2020 would be 0.0683¢/kWh.

This results in a calculation where Rate R customers would receive their 48.75% 2015 Settlement rate design share of the \$5,266,677.76 CRF cap exceedance credit (that translates into rates as an SCRC reduction of 0.0806¢/kWh) but then an increase to the SCRC rate on an equal cents per kilowatthour basis across all rate classes of 0.0683¢/kWh). This calculates to a net SCRC reduction for a Rate R customer of 0.0123¢/kWh, or for a 600 kWh customer, approximately 7¢ per month due to operation of the 2019 Burgess Settlement.

These rate impacts are based upon the actual CRF exceedance at the end of the PPA contract year on November 30, 2019. Since the \$100 Million cap was not exceeded until September, 2019, the present \$5,266,677.76 CRF exceedance only reflects less than three months of plant operations. In future years, the CRF exceedance is expected to be in the \$20 to \$25 Million range per year. Hence, the rate impacts would be proportionately larger through the CRF cap suspension that lasts until November 30, 2022.

February 1, 2020 SCRC Illustrative Impacts of CRF Operation, SB 577, and 2019 Burgess Settlement for Hypothetical Rate R Customer

Scenario Assumes 600 kWh/mo	SCRC ¢/kWh Impact	600 kWh customer monthly bill impact
Without enactment of SB 577	Negative 0.0806	48¢ bill decrease
With SB 577 but without 2019 Burgess Settlement	CRF credit would not be implemented	Customer would not receive the 48¢ monthly bill decrease
With SB 577 and 2019 Burgess Settlement	Negative 0.0123	7¢ monthly bill decrease

Implementation of SB 577 and the 2019 Burgess Settlement would have a negative 0.06% impact on an 600 kWh residential customer’s overall electric bill.

See the attached analyses for the calculations supporting the information contained herein.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY
ANALYSIS OF SB 577 & BURGESS SETTLEMENT

RATE	Demand (kW/Kva)	Energy (kWh)	Impact of SB 577 & Burgess Settlement	Typical Bill August 1, 2019	Percentage Impact
R	-	600	\$ (0.07)	\$ 121.58	-0.06%
G	6 kW	750	\$ (0.08)	\$ 167.68	-0.05%
GV	500 kW	100,000	\$ 3.38	\$ 21,087.03	0.02%
LG	3,000 kVa	1,000,000	\$ 432.70	\$ 167,244.19	0.26%

Exhibit 2 – Commission Record Request made during Prehearing Conference of January 9, 2020

The Commission asked for the monetary impact that implementation of 2018 N.H. Laws, Chapter 340 (SB 577) relating to the Burgess BioPower facility in Berlin would have on a typical Commercial and Industrial (C&I) rate customer. Due to the significant diversity amongst Eversource's customers that take service under Eversource Rates G, GV, and LG, there is no "typical" C&I customer that would reasonably represent the rate impacts of SB 577.

The Commission is referred to Eversource's response to Exhibit 1 for a detailed discussion of the impacts of SB 577 overall.

The Company has chosen the following usage levels for Rate G, GV and LG classes to demonstrate the impact of how SB 577 would impact C&I customers. Note that Eversource does NOT deem these scenarios to represent any "typical" customer. However, the Company is providing this information to be responsive to the Commission's request.

February 1, 2020 Illustrative SCRC Impacts of CRF Operation, SB 577, and 2019 Burgess Settlement for Hypothetical Rate G Customer

Scenario Assumes 750 kWh/mo	SCRC ¢/kWh Impact	750 kWh customer monthly bill impact
Without enactment of SB 577	Negative 0.0787	59¢ bill decrease
With SB 577 but without 2019 Burgess Settlement	CRF credit would not be implemented	Customer would not receive the 59¢ monthly bill decrease
With SB 577 and 2019 Burgess Settlement	Negative 0.0104	8¢ monthly bill decrease

February 1, 2020 Illustrative SCRC Impacts of CRF Operation, SB 577, and 2019 Burgess Settlement for Hypothetical Rate GV Customer

Scenario Assumes 100,000 kWh/mo	SCRC ¢/kWh Impact	100,000 kWh customer monthly bill impact
Without enactment of SB 577	Negative 0.0649	\$64.92 bill decrease
With SB 577 but without 2019 Burgess Settlement	CRF credit would not be implemented	Customer would not receive the \$64.92 monthly bill decrease
With SB 577 and 2019 Burgess Settlement	Positive 0.0034	\$3.38 monthly bill increase

**February 1, 2020 Illustrative SCRC Impacts of CRF Operation, SB 577, and 2019 Burgess Settlement
for Hypothetical Rate LG Customer**

Scenario Assumes 1,000,000 kWh/mo	SCRC ¢/kWh Impact	1,000,000 kWh customer monthly bill impact
Without enactment of SB 577	Negative 0.0250	\$250.30 bill decrease
With SB 577 but without 2019 Burgess Settlement	CRF credit would not be implemented	Customer would not receive the \$250.30 monthly bill decrease
With SB 577 and 2019 Burgess Settlement	Positive 0.0433	\$432.70 monthly bill increase

Implementation of SB 577 and the 2019 Burgess Settlement would have the following impacts on these hypothetical customers' overall electric bills:

Rate G negative 0.05%

Rate GV positive 0.02%

Rate LG positive 0.26%

See the analyses attached to the response to Exhibit 1 for the calculations supporting the information contained herein.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY
ANALYSIS OF SB 577 & BURGESS SETTLEMENT**

Description	Total Cost	Allocation Per Docket No. DE 14-238			
		Rate R @ 48.75% Stranded Cost	Rate G @ 25.00% Stranded Cost	Rate GV @ 20.00% Stranded Cost	Rate LG @ 5.75% Stranded Cost
Cost Reduction	\$ (5,266,678)	\$ (2,567,505)	\$ (1,316,669)	\$ (1,053,336)	\$ (302,834)
Forecasted Retail MWh Sales (February 2020 to January 2021)	7,716,356	3,183,531	1,672,435	1,622,477	1,209,875
W/o Enactment of SB 577					
SCRC ¢ per kWh Impact		(0.08065)	(0.07873)	(0.06492)	(0.02503)
"Typical" Customer Monthly Usage - kWhs(1)		600	750	100,000	1,000,000
"Typical" Customer Monthly Bill Impact - \$s	\$	(0.48)	\$ (0.59)	\$ (64.92)	\$ (250.30)
W/ Enactment of SB 577 & 2019 Burgess Settlement					
SCRC ¢ per kWh Impact of Ch. 340		0.06830	0.06830	0.06830	0.06830
SCRC ¢ per kWh Net Impact		(0.01235)	(0.01043)	0.00338	0.04327
"Typical" Customer Monthly Bill Impact - \$s	\$	(0.07)	\$ (0.08)	\$ 3.38	\$ 432.70

(1) With the exception of the Residential rate class, "Typical" usage is an assumed level of usage.