STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

January 21, 2020 - 9:10 a.m.
Concord, New Hampshire

RE: DE 19-108
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY, PETITION FOR ADJUSTMENT TO STRANDED COST RECOVERY CHARGE

(Hearing on the Merits)

PRESENT: Chairwoman Dianne Martin, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Doreen Borden, Clerk

APPEARANCES: Reptg. Public Service Co. of NH...
Matthew J. Fossum, Esq.

Reptg. Residential Ratepayers:
D. Maurice Kreis, Esq.
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne Amidon, Esq.

Court Reporter: Susan J. Robidas, NH LCR No. 44

I N D E X

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P R O C E E D I N G S

CHAIRWOMAN MARTIN: All right. Okay. We're here this morning in Docket DE 19-108, which is Eversource Energy's Petition for Adjustment to Stranded Cost Recovery Charge for the period beginning February 1, 2020.

Why don't we take appearances.

MR. FOSSUM: Good morning, Commissioners. Matthew Fossum here for Public Service Company of New Hampshire, doing business as Eversource Energy.

MR. KREIS: Good morning. I'm D. Maurice Kreis, doing business as Don Kreis. I am the Consumer Advocate here on behalf of residential customers.

MS. AMIDON: Good morning. Suzanne Amidon for Commission Staff. And with me today are Rich Chagnon, Assistant Director of the Electric Division, and Steve Eckberg, an analyst in the Electric Division.

CHAIRWOMAN MARTIN: Good morning, everyone.

Mr. Fossum, I think I have a

preliminary description of the exhibits, but why don't we run through how you have --

MR. FOSSUM: Certainly. I've spoken with the other parties. Unfortunately, I didn't get to arrange this with the clerk. But to start, we have two exhibits that have already been filed in the docket that we'll be dealing with shortly, and I believe that the numbering continues with Exhibit 8. So what we would intend to mark as Exhibit 8 is the Company's December 5th filing in this docket.

And as Exhibit 9 would be the January 10th exhibit or filing in the docket, that would be Exhibit 9.

There's a bit of a nuance around the January 17th filing, which the Company would intend to introduce as Exhibit 10. Basically, well, Ms. Menard will be our witness this morning. She will be prepared to speak to it. Effectively, it had to do with the headers and numbering on pages needing to be corrected. I have corrected copies of that this morning that I can distribute. So that's sort of the nuance. It's been entered and appears in the Commission's docket book, but we have an updated version with corrected headers that I can distribute this morning.

CHAIRWOMAN MARTIN: I think that would be the way to go; that way, we'll make sure we have the corrected filing and everyone's talking about the same thing.

MR. FOSSUM: Right. So our big issue was the Bates pages restarted halfway through, and so we ended up with duplicate numbers that was going to be difficult for presentation. So I'll just distribute those now.

I do have some other exhibits beyond those that I will introduce in due course as we go along, but those are the three we would start with.

(Exhibits 8, 9, 10 marked for identification.)

CHAIRWOMAN MARTIN: Okay. Thank you.

(Atty. Fossum hands exhibits to the clerk.)

MR. FOSSUM: All right. With the corrected version of that handed out, I think we're prepared to have Ms. Menard take the stand.

CHAIRWOMAN MARTIN: Okay. If you would take the stand.

(WHEREUPON, ERICA MENARD was duly sworn and cautioned by the Court Reporter.)

ERICA MENARD, SWORN

CHAIRWOMAN MARTIN: Okay, Mr. Fossum.

DIRECT EXAMINATION

BY MR. FOSSUM:

Q. Good morning, Ms. Menard. Could you please state your name, your position and your responsibilities for the record.

A. My name is Erica Menard. I am the Manager of Revenue Requirements for New Hampshire. I am employed by Eversource Energy Service Company of Manchester, New Hampshire. My responsibilities, I am the -- I oversee the implementation and calculation of revenue requirements associated with various rates, including the stranded cost recovery charge, the transmission cost adjustment mechanism, energy service rate, distribution rates and system benefit charge.

Q. And Ms. Menard, have you previously testified before this Commission?

A. Yes.

Q. A few preliminaries. Back on December 5th, Ms. Menard, did you file testimony and exhibits that were included in a submission of the Company back on that date?

A. Yes.

Q. And was that testimony and those exhibits, was that prepared by you or at your direction?

A. Yes, it was.

Q. And do you have any changes or updates to that testimony?

A. No, I don't have any changes to that testimony. That was a preliminary filing. The intent was that would be updated later, closer to hearing date, with updated rates and charges.

Q. And just for clarity, that was -- that testimony and those exhibits was included in what we've discussed this morning to be marked as Exhibit 8; is that correct?

A. Yes.

Q. So understanding that you have no changes or updates and that it was intended as preliminary, I don't know that we'll ask that you to adopt it as your testimony, but we'll move on.

Ms. Menard, did you then file testimony as part of the materials that were included in a submission of January 10th, 2020?

A. Yes, I did.

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

A. Yes, it was.

Q. And do you have any changes or updates to that testimony?

A. Yes, I do. Following the January 10th filing, there was a technical session held between Eversource, Staff and the OCA to discuss that filing. And during that technical session there were some discussions around changing a portion of how the Chapter 340 costs were to be handled, and as

a result, the January 17th filing was made.
So I don't have any changes to the January 10th filing itself; however, it was replaced by a later version.

Q. And for clarity, that January 10th filing is what we had discussed this morning and marked as Exhibit 9; is that correct?

A. Yes.

Q. All right. And with the understanding that it was replaced by later testimony, did you file testimony and exhibits as part of the materials included on January 17th, 2020?

A. Yes, I did.

Q. And was that prepared by you or at your direction?

A. Yes, it was.

Q. And for clarity, that has been -- do you agree that has been updated this morning to correct various headers and page numbering --

A. Yes, it was.

Q. -- this morning as compared to what was filed on the 17th?

A. Correct.

Q. And just for clarity, that information is included in what has been discussed and marked this morning as Exhibit 10; is that correct?

A. Yes.

Q. Now, do you have any other changes or updates to what was filed on January 17th and marked as Exhibit 10?

A. Yes, I have two minor page reference changes, if you would allow.

On Bates Page 14, Line 2, the sentence reads "Line 12 shows," and it should read, "Line 8 shows." Sorry. On the previous page, Bates Page 13, the sentence reads "Line 11 shows," and it should read "Line 7 shows."

And two more slight changes on Bates Page 16.

CHAIRWOMAN MARTIN: Just one second.

THE WITNESS: Okay.

(Pause)

CHAIRWOMAN MARTIN: Okay. Go ahead.

A. On Bates Page 16, Line two, the sentence reads "Line 11 shows," and it should say "Line 7 shows."

And Line 14 of that same Bates Page 16 says "Line 12 shows," and it should say "Line 8 shows." Apologize for those oversights.

Q. Happens sometimes.

With those corrections now noted, Ms. Menard, do you adopt the testimony that's been included in Exhibit 10 as your sworn testimony in this proceeding?

A. Yes, I do.

Q. Now, Ms. Menard I'd like to show you a document.

(Attorney Fossum hands document to witness.)

Q. And Ms. Menard, could you please explain what this document is that I've just distributed.

A. Yes. This document is a filing made on January 7th, 2020, in Docket No. DE 17-096, also known as the "Financing Order." And this is a periodic rate reduction bond charge true-up mechanism advice letter.

Q. And could you please explain the relevance or import of this document to the hearing that has us here this morning.

A. Yes. An outcome of the generation divestiture was securitization of certain costs. And every year the RRB Trustee, known as PSNH Funding, LLC, files this letter which trues up any charges that will impact the RRB rates. Those RRB rates are used in the stranded cost filing. Those are what we call the "Part 1 costs." So if the collections from customers through stranded costs are over or under the amounts needed to finance or fund the payments that are due, the principal payments that are due, the rate adjusts. This filing is made at least once a year, at the beginning of the year or as needed throughout the year. There could be a true-up throughout the year as well. So this January 7th letter adjusted rates upward, and you'll see that later in our discussions about Part 1 costs.

Q. And so just very briefly, essentially, in so many words, and please correct me if I'm wrong, would it be accurate to say that the information in this letter sets the rate for what is included in Part 1 of the SCRC?

A. Correct. You'll notice on Page 2 of that letter there's a table. The bottom of that table there is a line called "RRB charges per kWh" by class. And those are the rates that are set essentially for this February 1st filing.

Q. Thank you.

MR. FOSSUM: I would ask that this document be marked for I.D. as Exhibit 11.

(Exhibit 11 marked for identification.)

Q. And with that, now understanding that you've -- with your testimony as filed in Exhibit 10 and the information included in what's been marked as Exhibit 11, could you please explain the Company's request this morning.

A. Yes. So on December 5th, the Company filed a preliminary stranded cost rate update. That's an indication of where rates are going to be headed, with the intent that those rates will be updated with more specific information closer to hearing time so that we have the most up-to-date information. That filing was made on January 10th and then later supplemented on January 17th.

This filing I'll refer to as just the "January 17th filing" reflects costs, actual costs through November of 2019. It reflects these updated RRB rates that we just discussed. And it also incorporates a new component called the "Chapter 340 adder." So that's new to the January 10th and January 17th filing. And that is an outcome of Docket DE 19-142, which is related to the Burgess PPA Settlement Agreement.

On January 16th, the Company and Staff participated in a technical session where we discussed the Chapter 340 costs and how those costs should be incorporated into the stranded cost rate. Those changes were reflected in that January 17th filing. And that will be our final submission for this hearing.

Q. Thank you. And we'll get into that, that Chapter 340 item, in a little bit.

Could you please, Ms. Menard, just very briefly provide an overview of the rates requested as part of the -- for this SCRC rate setting.

A. Yes. As noted on Bates Page 8, the Company's request, we calculated an average stranded cost rate, including a RGGI adder and including the Chapter 340 adder. But in terms of our discussions, I'm going to exclude the RGGI adder in comparison of current rates with the updated rate.

So for Rate R customers, our proposed rate for effect on February 1st is 1.143 cents per kilowatt hour compared to current rates of 1.882 cents per kilowatt hour.

For Rate G customers, our proposed rate is 1.086 cents per kilowatt hour compared to current rates of 1.674 cents per kilowatt hour.

For Rate Class GV customers, our proposed rate is 0.975 cents per kilowatt hour compared to current rates of 1.433 cents per kilowatt hour.

For LG rate class customers, our proposed rate is 0.635 cents per kilowatt hour compared to current rates of 0.480 cents per kilowatt hour.

And for Rate Class OL and EOL customers, the proposed rate is 1.280 cents per kilowatt hour as opposed to current rates of 1.685 cents per kilowatt hour.

The Chapter 340 adder was calculated to be a rate of 0.435 cents per kilowatt hour. And again, that is included in those proposed rates I just described. And this is a new component to the stranded cost rates, so there's nothing to compare it to. It would have been included in the current rate.

The Chapter 340 adder is calculated on an equal cents per kilowatt hour basis, and that's why it's separated out compared to the average stranded cost rate, which is calculated in accordance with the methodology described in the 2015 generation settlement agreement in Docket No. DE 14-238.

For the RGGI adder, we calculated a rate of negative .132 cents per kilowatt hour compared to the current rate of negative .130 cents per kilowatt hour.

Q. Thank you. And all of those, the rates and the resulting bill impacts, those were included in Attachment ELM-6; is that correct?

A. Yes.

Q. Thank you. Ms. Menard, could you please turn to Bates Page 9 of your testimony in Exhibit 10. Two items. First of all, there are various -- we should have noted this before. There are various yellow highlights throughout your testimony in the exhibits. Could you please explain what the yellow highlights represent.

A. Certainly. The yellow highlights were just to call attention to the items that changed between the January 10th testimony and the January 17th testimony. And these changes are a result of the change in methodology for the Burgess PPA energy or market costs.

Q. Thank you for that.

Now turning back to Page 9 of your testimony. There's a question that says -- that asks the major reasons for the decrease in the SCRC rates. And the answer provides a various rundown.

Could you please provide some additional detail around the various items that are listed there, and in particular with reference to what's referred to as the "higher period over recovery" that's listed there.

A. Certainly. So Bates Pages 9 and 10 describe in words and in a tabular format the changes between current August rates and the proposed rates in the January 17th filing. Overall, costs decreased about $28.4 million, comparing the current filing to the -- sorry -- the proposed rate to the current rate. The major components of that is, a big portion of it is due to the removal of the Burgess PPA costs. So we removed that from the average stranded cost rate calculation and moved that to the Chapter 340 adder section. So that was about a $27 million reduction. And then there were also various decreases that impacted the stranded cost rate. We had a higher over-recovery, which was about a $21.4 million decrease compared to the prior period over -- under-recovery.

Excuse me.

There was also an energy service REC revenue transfer. It was higher than we had in the previous rate, and that was about $8.2 million. And then there were some other increases and decreases. Some of the increases of importance were the removal of a one-time adjustment for the CSL contract that was not in the current rate; it was in the prior rate. And we also had higher Part 1 costs due to the higher RRB rates, and that was about $1.3 million.

So aside from the Burgess PPA costs being removed from the average stranded cost rate and moved to the Chapter 340 adder rate, the biggest component is this over-recovery in the current period. So I'd like to spend just a couple of minutes describing some of the reasons for that under-recovery -- excuse me -- over-recovery.

So when the stranded cost rate is set, there are various assumptions that are made and forecasts that are made that set that rate. When the next rate is calculated again, we replace those forecasts and assumptions with actual costs. Anything that is over or under those forecasts could create these over- or under-recoveries. For this particular rate, we've had several items related to residual generation costs that have resulted in some higher credits than we had forecasted in that August rate, in particular, the generation property tax credits. We had about $4.8 million of property tax credits between the period of June 2019 and November 2019. Those were not anticipated when we set that August rate. Those property tax credits are a result of appeals that the Company has in various towns across the state. And when we receive settlements, those settlements go back to the segments that paid those property taxes. So in particular, Bow and Portsmouth had some large settlements, and those refunds went back to the generation segment, which doesn't exist anymore except for the stranded cost. So we had property tax credits of $4.8 million.

We also had residual pension credits. These are related to when the costs of generation were securitized, the pensions were securitized as well. There was -- pension expense credits were received in the months of June through November related to updated actuarial forecasts. So that lowered the pension expense. But because there is no segment anymore, you take those expenses and credit it back through the stranded cost charge. So those are about $4.5 million.

We also had REC sales proceeds about $4 million higher than in the prior rate. Those are not forecasted in our rates because it's difficult to forecast REC sales. So that adds another $4 million credit.

We also had the Burgess energy capacity REC costs were about $2.4 million lower in this rate than the August rate. And again, a lot of that's related to the Burgess costs being moved to the Chapter 340 adder component.

There was another $2 million associated with excess deferred income tax or EDIT, E-D-I-T. That amount was estimated when we had first securitized the RRB bonds as a result of updated tax returns. Those EDIT amounts were revised and resulted in a different amount being amortized. So that resulted in $2.0 million lower than what we had originally forecasted.

Then finally there was some Department of Energy credits that came to us in November of -- or excuse me. They will come to us in December of 2019. Those are related to Phase 4 of the Yankee Atomic's litigation with DOE and settlement agreements with FERC related to costs of spent nuclear fuel. So this is Eversource's -- or PSNH's portion of those Phase IV credits.

Q. Thank you for the explanation.

Now you've mentioned a couple of times this Chapter 340 adder. I want to spend a few minutes on that, hopefully make it as clear as possible what's going on there.

And we'll start by, first, could you just explain by way of, effectively by way of background, what the Chapter 340 adder is.

CHAIRWOMAN MARTIN: Mr. Fossum, before we go forward, could you walk your witness through, on Bates 9, some of the changes in your prior filing. You had struck the change, and they are not struck in here, and it would be helpful to keep it clear by going through that now.

MR. FOSSUM: Understood.

BY MR. FOSSUM:

Q. So Ms. Menard, you see Page 9 of your testimony?

A. Yes.

Q. Could you look down at Line 13.

A. Yes.

Q. And where it looks like there are -- it reads "a higher prior period over-recovery of 17.5 and 21.4 right next to each other," should one of those be struck through?

A. Yes.

Q. And could you please identify which one should be removed?

A. 17.5.

Q. And later in the same line with the 5.3 and 33.7?

A. Yes, the 5.3 should be stricken. And also on Line 10, the 2.7 should be stricken.
Q. That one looks like it was struck through, at least on the copy I have. And perhaps it would be on us to go back through this again and clean up other issues like that.
Could you also very quickly go back to Page 8 of your testimony and the chart that's on Page 8. In the far right, and maybe I assume too much, but I think it's a formating error, where it looks like there's a series of numbers that are underlined. Were those intended to be strike-throughs?
A. Those are strike-throughs on my copy.
Q. Okay.
A. Yes, they are strike-throughs.
Q. All right. We will go back through and clean this up and perhaps make an amended filing.
But in substance, does this change anything about the rate request that the company is making today?
A. No.
Q. Thank you.
Turning back, then, the question I was

asking is, just by way of background, could you please explain what the Chapter 340 adder is.

A. Yes. On Bates Page 4 of my testimony there's some language about what the Chapter 340 adder is, but I'll describe it briefly.

The legislature passed Senate Bill 577 in 2018, which appears as what's called "Chapter 340 of the Laws of 2018." That law required the Commission to amend Order No. 25,213 in Docket No. 10-195 to suspend the operation of the cap created by the cumulative reduction factor, or what's known as the "CRF" in the PPA between Eversource and Burgess for three years from the date the operation of the cap would have taken effect. So that cap was for $100 million. Once the CRF reached $100 million, anything over $100 million will be credited back to customers in the form of lower payments to Burgess. However, this law suspended that cap, which also required the underlying PPA to be amended between Burgess and Eversource. As a result of that amendment, there is a docket, No. DE 19-142, and in that docket there's a settlement agreement between the parties that describes how those costs will be recovered through the stranded cost rate. And those costs are to be recovered on an equal cents per kilowatt hour basis as opposed to the unequal percentages that were established as part of the 2015 generation settlement agreement.

So that cap was hit in September of 2019. Therefore, the operating year for the contract runs November -- or sorry -- December 1st through November 30th. And Operating Year 6, which ended on November 30th, 2019, had over the $100 million cap amount of $5.3 million. So without Senate Bill 577 and without the extension of this cap, that $5.3 million would have been credited back to customers. The suspension of the cap essentially negates that give-back to customers.

So the way that we had to implement that, and the way we did it in our January 10th filing, was we took that $5.3 million and credited it back to customers according to the way that it was paid, which was according to the unequal percentages, we then had to add that back in in, in what we're calling the "Chapter 340 adder," on a cents per kilowatt hour basis. So essentially, there was no impact. A $5.3 million credit and $5.3 million add is a net zero; however, the distribution of that between classes is what's at matter. So that's what we filed in the January 10th filing.

Q. Okay. I'm going to hold you up right there, and I'm going to hand you another document.

(Mr. Fossum hands document to witness.)

Q. Could you please explain the document that I've just handed you. Could you please explain what that document is.

A. This is the January 14th, 2020 submittal in Docket No. DE 19-142, which is the rate recovery of costs in excess of the cumulative reduction cap under the Purchase Power Agreement with Berlin Station.

Q. And Ms. Menard, before you continue, did you assist in the preparation of the information

that's contained in this document?
A. Yes, I did.
Q. And you're familiar with what's in this?
A. Yes.
Q. Okay. Thank you. Could you please continue with your explanation of what this document is and what it shows.
A. Yes. There was a prehearing conference held in this docket, and there were a couple of questions asked by the Commissioners regarding the impact on residential and typical C&I customers as a result of this Chapter 340 law. And the Company, in these record requests, described in more detail than what I was describing, described in detail the history and also the implementation of this over-market amount and how we were going to implement it in the stranded cost rate.
Q. And so this was a description of how it would be implemented as part of the January 10th filing, and that has subsequently changed; is that correct?
A. Correct.

Q. I'm going to show you one additional document.

(Mr. Fossum hands document to witness.)

Q. And now could you please also -- before I begin that, did you assist in the preparation of the document? Oh, back up even further.

MR. FOSSUM: I would ask that the document that I've handed to Ms. Menard, just described from January 14, 2020, be marked as the next exhibit, Exhibit 12.

(Exhibit 12 marked for identification.)

Q. Now moving on. Ms. Menard, the document that I just handed to you, did you assist in the preparation of this document as well?

A. Yes.

Q. And you're familiar with what is included in this document?

A. Yes.

Q. Could you please explain what this document is and what it shows.

A. This document is similar to the previous Exhibit 12, which was subsequently revised reflecting an alternative methodology for recovering the costs of the Burgess over-market energy costs. And this was as a result of technical sessions that the Company had with Staff and OCA on January 16th.

MR. FOSSUM: So I would ask that this be marked as the next exhibit for I.D., I believe Exhibit 13.

(Exhibit 13 marked for identification.)

Q. Now, there's a lot of paper in front of everybody right now. I'm hoping to kind of summarize this in a helpful way. At least that's always the hope. So I'm going to just ask a series of questions. And stop me if I get something wrong.

So, Ms. Menard, if Senate Bill 577, otherwise known as Chapter 340, never existed, then correct me if I'm wrong, in calculating the SCRC rate, the Company would have just subtracted the amount over 100 million from payments due to Burgess, and that substraction would flow into the rate. Is that accurate?

A. Correct.

Q. But Senate Bill 577 does exist, and so that substraction is now not going to happen.
A. Correct.
Q. So the net impact on the SCRC rate calculation would be zero.
A. Yes.
Q. Now, the additional wrinkle that we have in here is that, due to the 2015 divestiture settlement agreement, the credit back to customers is unequal; is that accurate?
A. Yes. That's how they paid the over-market costs. So the credit needs to go back on an unequal basis.
Q. So with this -- but with the proposed settlement in Docket 19-142, that substraction that's now not going to happen is being offset by a refund that's actually on an equal basis.
A. Payment, not refund, yes. So the substraction happens on an unequal basis; that add back in is made on an equal basis. So for the period that the cap is suspended, that add back in will be on an equal basis.
Q. And due to -- based upon the discussions that

have been had between the Staff, the OCA and the Company, the money that is at issue is not simply the amount over 100 million from the prior year, but is now also the amount over 100 million from the prior year plus the amount presumed to occur in the current year.

A. Correct. The January 10th filing, our initial attempt at this was following along the lines of the PPA itself, where the over $100 million amount is calculated at the end of the operating year, which is at the end of November 30th. So our assumption initially was you would do the next, Operating Year 7, calculation at the end of November 30th, 2020, and then that calculation would happen for the next rate year.

The discussions that were had in technical session with Staff and OCA essentially changed the way that the calculation of that over-cap amount was done; it's more of a real-time basis. So as the costs -- because the cap is already at $100 million, anything over market from here on out essentially adds to that over $100 million fund. So we're giving that -- we're doing that calculation of equal cents per kilowatt hour basis on a real-time basis rather than an after-the-fact basis.

So the Chapter 340, again, is an assumption of what will happen in the future. It's an assumption of production of Burgess, an assumption of energy prices, and they'll need to be trued up in the coming rates.

Q. So perhaps I'm going to oversimplify, but maybe that's what will help me, I'm hoping.

So for ratemaking purposes for the next three years, is it correct to say that what will happen is that the over-market -- the over $100 million amounts are subtracted from rates according to the allocations in the 2015 settlement agreement, then added back into the rate calculation on an equal basis under the pending settlement agreement?

A. In theory, yes. However, what we actually implement is we just remove the Burgess costs for energy effective December 1st, 2019 and then just added that all into the Chapter 340 adder section. It essentially gets you to the same place with less lines.

Q. Yeah. And so hoping to wrap this up, then the SCRC rate proposal that's before the Commission today is a calculation of the SCRC rate as it has traditionally been done, over/under collections and things of that nature, plus whatever comes out of the Chapter 340 adder to deal with Burgess costs plus the RGGI adder. Those three components make up, at the end of the day, the SCRC rate that's charged to customers; is that correct?

A. Yes.

Q. Now, with that understanding, I'm hoping you could, Ms. Menard, very quickly turn to ELM-6 in Exhibit 10, which starts on Bates Page 42. And please explain what is -- what this exhibit is showing us and showing the Commission.

A. Attachment ELM-6 is seven pages of rate exhibits showing the particular rates set forth in this docket for approval and effect on February 1st, 2020.

Page 1 compares the current rates effective August 1st, 2019 compared to the proposed rates effective February 1st, 2020. And those proposed rates and current rates include the RGGI adder component. And those are the actual rates by the various rate classes. So the rates are calculated on class basis and then built out to an individual rate class basis.

Page 2 provides the rate adjustment factor. So, again, we take the average rates and then calculate this rate adjustment factor to get a rate class rate. And this shows rates by class, excluding the RGGI refund, and including it for a total SCRC rate.

Page 3 shows the average rates by the rate classifications, again comparing August 2019 with February 2020.

On Page 4 of ELM-6, which is Bates Page 45, this shows the comparison for a residential customer, comparison of rates effective August 2019 with the proposed rates for February 2020. And it shows the calculation of three types of customers, average customers of 550, 600 and 650 kilowatt hour customer. And it shows the various changes by component on their bill.

And Bates Page 46, or Page 5 of that same attachment, compares the proposed rate with the rate one year prior, again for a residential customer in the various usage categories for a residential customer.

Page Bates Page 47, or Page 6 of the attachment, shows the impact of this change on delivery service bills, excluding energy service.

And the next page, Bates Page 48, shows the same impact, including energy service.

So you can see the percent changes by class. And these rate changes we just discussed, they include all rates that will be in effect for February 1st, which includes the change in the system's benefits charge that was effective January 1st, 2020. It includes the energy service rate that was approved in Docket DE 19-082 that will take effect February 1st. And it also reflects the temporary delivery service rates that were effective July 1st, 2019.

Q. Thank you. Just a couple more questions, I hope.

Could you please turn back in your testimony, Exhibit 10, back to Bates Page 40. I probably should have done this before. My apologies. Could you just very quickly explain what is being shown on Bates Page 40.

A. Bates Page 40 is the summary of the Chapter 340 adder rates. There's two pieces that we've discussed. We've discussed the Operating Year 6 over the $100 million cap of $5.3 million. That's on Line 1. And then we've talked about the real-time impact of over $100 million costs effective beginning December 2019. So for the 14-month period, from December '19 through January 2021, the over-market energy costs are forecasted to be $28.3 million. So the total of those two is shown on Line 3, which is $33.6 million. And then we divide that by the 12-month period of forecasted megawatt-hour sales for this rate period to come up with the Chapter 340 rate of .4351 cents per kilowatt hour.

Q. So in my perhaps oversimplified idea before, there was the standard calculation of the SCRC rate plus the Chapter 340 adder plus the RGGI adder. What's shown on ELM-5, that's the calculation of that Chapter 340 adder; is that correct?

A. Correct.

Q. So just in summary then, Ms. Menard, what is it the Company is requesting the Commission approve today?

A. Today we're asking the Commission to review and approve the updated average SCRC rates, including the RGGI adder, and also including the Chapter 340 adder, for effect on February 1st, 2020, as we proposed in the updated January 17th, 2020 filing.

Q. And Ms. Menard, is it the Company's position and your position that the updated SCRC rates as proposed are just and reasonable?

A. Yes.

Q. Thank you.

MR. FOSSUM: I believe that is what I have for now.

CHAIRWOMAN MARTIN: Thank you. Mr. Kreis.

MR. KREIS: Thank you, Chairperson Martin.

CROSS-EXAMINATION

BY MR. KREIS:

Q. Good morning, Ms. Menard. I think I have just a few questions, and it's all in the order of what I would characterize as friendly cross. I'm just wanting to make sure I understand exactly what's going on here because there's a lot of moving parts and we've had a lot of conversations.

Just so the record is clear, going back to Bates Page 40, which Mr. Fossum was just asking you about, Line 5 of Page 1 of ELM-5 says that there's a Chapter 340 adder rate of .4351 cents per kilowatt hour. That, according to the Company's proposal, is a rate component that every single Eversource customer will start paying on February 1st; correct?

A. Correct.

Q. And what exactly does that adder pay for? If one of my kids were to say to me, "Dad, what am I paying for by paying .4351 cents per kilowatt hour for my electricity to Eversource?" what would the answer be?

A. That is to pay for the cost of buying energy from a biomass plant in Berlin, New Hampshire to meet Eversource's energy needs and also to serve the public good.

Q. Okay. There has been discussion here about the fact that Chapter 340 suspends the operation of the cap. It is correct, is it not, the way all of this is structured, in theory at least, three years hence, once the suspension period is over, Burgess Biomass will have to pay this money back to Eversource and thus, secondarily, to its customers; true?

A. That is my understanding, yes.

Q. And you have been talking in your responses to Mr. Fossum's questions about -- you used the word "unequal" a couple of times to talk about the way costs related to -- the way stranded cost recovery is apportioned in the 2015 divestiture settlement. What do you mean exactly by the word "unequal"?

A. So if you were to refer to Bates Page 24, at the top of the page you'll see various rate classes with percentages above them. Those percentages were agreed upon in the 2015 generation divestiture settlement agreement as to how costs would, stranded costs would be allocated to the rate classes. So, for example, Rate R, costs got allocated at 48.75 percent; Rate G at 25 percent; Rate GV also at 20 percent; Rate LG 5.75 percent; and Rate OL at half a percent. And those unequal percentages were what were agreed upon by parties in that docket.

Q. So by "unequal percentages," you mean that the customer classes are incurring stranded costs at a rate or at a percentage that's different than the amount of kWh consumption that each of those classes accounts for.

A. Yes.

Q. So would you agree with me, then, the proposed arrangement for the Chapter 340 adder basically means that every customer class is paying the Chapter 340 costs in proportion to their kWh consumption overall?

A. Yes.

Q. And that's fair; wouldn't you agree?
A. That's the settlement agreement.
Q. Okay. Would you disagree with my characterization that it's fair?
A. I don't have an opinion of fair or not. That's the settlement agreement we're implementing.
Q. And Eversource is in fact a signatory to that agreement.
A. Yes.
Q. As is the Commission Staff.
A. Yes.
Q. As is the OCA.
A. Yes.
Q. I want to make sure I understand all of the various schedules that are included in, I believe it is Exhibit 10. And in particular, I want to look first at Bates Page 29, which is Attachment ELM-1, Page 6.
A. What page?
Q. It's Bates Page 29.
A. Okay.
Q. These are not trick questions. I just want to make sure I have this all right in my own

head, and hopefully help the Commission a little bit, too.

If you look at Line 10 of that schedule and you go all the way to the last column, which is the summary column for the 12 months that end a year from now, there are -- Line 10 is Total Burgess PPA Above or Below Market Costs, and the summary line is a number that is $16,884,000. And I guess my question is: What does that number really mean with respect to what we're doing here today?

A. So as we talked about with the Chapter 340 costs, those are just related to the over-market energy costs. So those historically would have been in through Lines 1 through 3. But they're still capacity and RECs that are part of Burgess PPA costs. Those are not part of the cumulative reduction fund, and those are not part of the settlement agreement. So those remain in the average SCRC rate calculation. But the energy part, on Lines 1 and 2, the comparison of energy at contract versus

energy at market was taken out of the average SCRC rate and moved to the Chapter 340 rate.
Q. Thank you. That's exactly what I wanted to make sure I understood.
And then looking at -- I think, actually, I don't think I need to ask about that. I think those are all the questions I have, Ms. Menard. Thank you.
CHAIRWOMAN MARTIN: Thank you. Ms. Amidon.
MS. AMIDON: Thank you.

CROSS-EXAMINATION

BY MS. AMIDON:
Q. Good morning.
A. Good morning.
Q. Exhibit 10 Bates 28, I just have one question on this exhibit. Let me know when you're there.
A. I'm there.
Q. Okay. If you look at Line 3, it says "Non-Wood IPP Ongoing Costs." Could you explain what "non-wood IPP" refers to. Independent power producers, obviously, but not those using biomass. So what does it

refer to?
A. There are a couple of hydro plants that we have IPP contracts with, and so that's why we call them "non-wood." So the "woods" are, I guess, Burgess and... so there's energy and capacity costs for these other non-Burgess, non-Lempster IPPs.
Q. That's what I thought. But when I saw non-wood IPP, I just couldn't figure that one out.
A. Yeah. Probably have a better name.
Q. Those contracts expire soon, or do you know? You may not know, which is okay. I thought that those were all winding down.
A. I believe it's December 2020 they'll end.
Q. Okay. So they do wind down. Thank you.
And my second question is really just for illustrative purposes. If we go to the last page of your filing, Page 51, which is a red line of the proposed tariff -- no, I don't think it's a red line. I think it's -- yeah, it would be.
Anyway, that is a good representation of the various costs that go into the

calculation of the Company of its stranded costs and then these additional two components; is that fair to say?

A. Yes.

Q. Because Part 1 is the RRB, Part 2 is the over-market costs associated with various commitments --

A. Yes.

Q. -- and those two come from the 2015 divestiture agreement. And then we have a new component, the Chapter 340 rate of .435 cents per kilowatt hour, and then the RGGI credit, which represents the amounts collected that exceed the first dollar of the cost of the RGGI allowance; right?

A. Yes.

Q. Okay. Thank you. That's all I have.

CHAIRWOMAN MARTIN: Thank you. Commissioner Bailey.

QUESTIONS BY COMMISSIONERS

BY COMMISSIONER BAILEY:

Q. Can you tell me which exhibit it is that calculates the Part 1 RRB costs from the prior -- oh, I found it. Exhibit 11.

So Exhibit 11, Page 2 matches the Part 1 costs in the table that Ms. Amidon just pointed out on Exhibit 10, Page 51.

A. Yes.

Q. Okay. I just wanted to look at that before I started my questions to make sure they were the same, but you confirmed it. Thank you.

In your testimony on Page 6, Lines 18 through 21, I think, yes, you indicate that Part 2 stranded costs incorporate new costs associated with divestiture. And those would be new costs that weren't securitized; correct?

A. Yes.

Q. Are there any of those costs in this filing?

A. No, there are not. We made a filing to initiate an audit of costs above the amounts securitized in Docket DE 17-096. And the intent is once those costs are audited, then they will be incorporated into stranded costs.

Q. Okay. Thank you.

A. I will clarify one thing. We do have, if there are ongoing costs that were not part of what was securitized, those are included in this rate filing. And those show up in -- I broke those out, and you can see those on Bates Page 28.

Q. Which line is that?

A. Line 12. So that would be any forecast.

And then on Bates Page 34, Line 12, there's a new line called "Residual Generation O&M."

Q. And what are the costs reported in that one?

A. So that would include the property tax credits that I described earlier, the pension credits that I described earlier, any costs associated with pending litigation from when Eversource owned generation assets, any costs related to prior commitments such as the hydro plants. We had some prior commitments that needed to be completed. So all of those types of costs are residual costs that were not included in what was securitized but continue to impact -- or as a result of ownership of generation and impact the stranded cost rate.

Q. Can you elaborate on the hydro plant costs that you agreed to pay?

A. There was some work at -- it's going to escape me which ones. I'm going to say Amoskeag and maybe one other hydro plant where we had to do some work. And it was an agreed-upon amount of work that needed to be done, and Eversource agreed to do that work. It was not passed along to the new owner.

Q. And that happened, I guess, in February, March, April and May of 2019?

A. I think the majority of the costs ended up in June through September, maybe even continued through November. It's hard to see them because the property tax credits and pension credits kind of dwarf those costs.

Q. Okay. So the costs for April through May -- I mean, sorry, February through May were actual costs because you still owned the hydro plants then in 2019. No.

A. No, we did not. But again, there's some residual costs, residual invoices that would come in or various other costs that the Company committed to and would negotiate with the new buyers as to which ones were

Eversource commitments versus new buyer commitments.

Q. Okay. Thanks.

On Page 9, Line 7 through 9, I had a hard time understanding what you were saying here. But you say the cost increases as a result of the CSL contract settlement adjustment. And the CSL contract settlement adjustment of $3.4 million was included in the stranded cost recovery charge last year; correct?

A. Yes.

Q. So that $3.4 million is a reduction in costs this year.

A. So this is hard to wrap your head around. I have a hard time with it, too. So it was included in the last rate, and it's not included in this rate. So therefore that credit was in the last rate, it's not in this rate, so the costs went up.

Q. Credit was in the last rate? Oh, the charge was in the last rate, wasn't it? $3.4 million was collected last year?

A. Yes.

Q. So that's a charge, not a credit.
A. Yes. Sorry. Yes. So it was in last year's -- sorry, last rate. It's no longer in there now. So that's what it's comparing --
Q. So it reduces the cost.
A. It reduces the cost, yes.
Q. Okay. And is that math all correct in your schedules?
A. It is, yes.
Q. Can you point me to where that is?
A. If you look on the next page, Bates Page 10, I think this is a better visual rather than the words. You can see about halfway through, down on that table, that CSL contract settlement was included in the August rate, and it's not included in the column that says the "1/17 Proposed"; so therefore it's a reduction.
Q. Okay. All right. Thanks.
You went through with Mr. Fossum the $21.4 million in, I called it in my notes "over-collection" in the rates last year. And it really -- well, I guess you did

over-collect because you have these credits this year that you're going to apply because of the pension costs and the rebates for the tax settlements.

A. Yes.

Q. Do customers get a rate of return on that amount?

A. Yes.

Q. What is the rate of return that you're using?

A. It's the stipulated rate of return.

Q. Which stipulated rate of return? From the rate case ten years ago?

A. It was from the 2015 generation settlement agreement. So I believe it's... I have that written somewhere.

(Witness reviews document.)

A. Subject to check, I believe it's 8 percent return on equity and then a 40 percent... I know I have this somewhere. It's the stipulated rate of return that was agreed upon in the 2015 settlement agreement. And I can't put my fingers on it right now. But we do also file that in the quarterly Form F1 because the debt rate changes. So we

incorporate that debt rate. But the return on equity I believe is 8 percent, with a 40 percent debt rate ratio.
Q. Okay.
A. Subject to check.
Q. And you use the actual cost of debt, and you calculate the new rate of return at the end of the year?
A. Quarterly.
Q. Quarterly? Okay. Thank you.
Can you tell me how that over-collection amount, the 21.4 million, what the difference is between that and the filing a week earlier where you calculated the over-amounted to be 17.5 million?
A. Yeah, the January 10th filing included the over-market costs of the Burgess energy portion. When we removed that and put it into the Chapter 340 adder, that changed this over-collection for just the, I'll call it the "average SCRC rate," but then we -- it gets added down to that Chapter 340 adder cost line. So we just removed it from the average SCRC rate portion and then moved it

down to the Chapter 340.

Q. Are you talking about the 5 million that accumulated over the CRF between September and December?

A. No. I'm talking about the 25 million that we moved from -- the January 10th filing had the Burgess energy costs included in the stranded cost average rate. So there's a -- then we removed that and put it down into the Chapter 340, so that when we calculate the over-market -- sorry -- the over-collection portion, we're just looking at the average SCRC rate. So that's the difference in why the numbers shifted between the two filings, it's because a big portion of the costs were moved out of that.

Q. But there's a $3 million difference between the over-collection numbers.

A. Yeah.

Q. And is that based on the rate of return that customers were going to have to pay if they --

A. No. When we did the first calculation, we only went through -- we only went through the end of the contract year for the calculation.

Q. For what calculation?

A. For the calculation of what customers would get credited back. So it's really the difference between December '19 and January 2020 that creates that $3 million. So we didn't credit customers back for those. We ended the $5.3 million credit and then started the PPA costs.

Q. So that's why the over-market amount that gets allocated equally in this filing is 28 million rather than 25 million --

A. Yes.

Q. -- because you're collecting for 14 months instead of 12 months.

A. Yes.

Q. Okay. And next year you'll be collecting for 12 months, so it will be 25 million in that category, if all other things are equal?

A. Assuming, yes. Yes. Correct.

Q. All right. Thanks.

So the table on Page 8 shows the preliminary rate, which is completely irrelevant. We don't really need to know

anything about that; correct?
A. Correct.
Q. Okay. And the rate of 1.143 for residential customers does not include the RGGI adder.
A. Correct.
Q. So if we take that out, the rate would be 1.011.
A. I'll assume your math's right. Yes.
Q. All right. Okay. Actually, that compares to the number that Ms. Amidon pointed us to on Page 51.
A. Yes. Correct.
Q. Okay. And that's average for the residential class.
A. Correct.
Q. And then those rates and the residential class get further refined. Can you show me that page?
A. Bates Page 42 or 43. Either one.
Q. Okay. And which are the residential rates? Are they the first one, two, three, four, five, down to rate outdoor lighting or residential outdoor lighting?
A. Yes. The time of day.

Q. So if you took the average usage from each of these classes and you weighted the rate, you'd come out with 1.011? Is that --

A. Yes.

Q. Okay. Thanks.

I'd like to go over the table on Page 10. Can you go over the lines that say, well, actually, the above-market cost of Burgess? So in the current stranded cost recovery charge, we have 43,864,000 in over-market costs for Burgess, and that includes energy capacity and REC over-market prices.

A. Correct.

Q. Okay. And then let's just skip to the ones -- well, the 1/17 filing. The difference between the 1/10 and the 1/17 filing is that you took the $28 million -- or, actually, the $30-something million out here and you put it back in the Chapter 340?

A. Yes.

Q. Okay. Can you explain the 1/10 filing Increase/Decrease column?

A. For that same line --

Q. Yes.
A. -- Burgess?
Q. Hmm-hmm.
A. This is comparing -- in the August rates, the above-market cost of Burgess was estimated to be 43.9 million. And in the January 10th filing, the estimate was 41.2 million. The updated market rate forecast, that was likely the cause of the difference between the two. We replaced forecast in the August rate with actuals, and then we update the going-forward forecast as well.
Q. So you think the over-market costs of the whole contract are going to be a little bit lower next year than they were last year?
A. Yes.
Q. But they're accounted for somewhere else?
A. Yes.
Q. Okay. The Total Part 2 Ongoing Costs and Return, can you tell me what that is?
A. That is all the Part 2 costs. So that would be all the IPP costs, including Burgess and Lempster. That would be the residual generation costs, the excess deferred income

tax, all the components that you see on -- I'll just reference Bates Page 34. All those costs that you see included on that page are the ongoing costs associated with Part 2. So it's everything that's not the Part 1 RRB costs. It's all these over-market costs.

Q. So it's basically the sum of all the lines from the one labeled "Amortization and Return on IPP, Buyout Savings," through "Total Part 2 Return."

A. Yes.

Q. Okay. All right. And here the Total Part 2 Return is on, is that just the return from the EDIT?

A. It's the return on the whole deferral, over/under recovery.

Q. So which number is that that the return is getting applied to?

A. It's Line 17.

Q. I don't have line numbers on my table.

A. Oh, on Bates Page 34.

Q. Oh, okay.

A. Line 17 is the Total Part 2 Costs. So when we calculate the over/under deferral and compare that to what you're collecting from customers, if you're collecting more or less than what the rate was set at, it creates this deferral, and the return is calculated on that deferral. So it's basically the difference between the amounts that you collect, based on the rates that you set prior, with the amounts that you collect in actual creates this over- or under-collection, and then the return is calculated on that.

Q. Okay. All right. Can we look at Exhibit 13? Let's look at the table on the bottom of the page that is labeled "Supplemental Exhibit 2." And this shows the rate impact for sort of a small business customer; correct?

A. Yes.

Q. Okay. And what this is saying is that, if SB577 had not been enacted, the SCRC rate would have been negative for the next year?

A. No. It's saying without the enactment of SB577, customers would be getting a refund of the $5.3 million. And so that portion is negative .5019 cents for that customer class.

So if SB577 didn't exist, they would see their monthly bill go down $3.76.
Q. From the $5 million --
A. Yeah.
Q. -- over the $100 million CRF that would have gotten refunded?
A. Yes.
Q. Okay. And tell me what the next row is about.
A. The next row is with Senate Bill 577 but without the Burgess settlement. So they would not receive any of that $5.3 million credit back, and they wouldn't receive that $3.76 decrease.
Q. With 577. So --
A. So 577 says suspend the cap. But we haven't amended the PPA, so the 577 law can't force the amendment of a bilateral contract.
Q. Oh, so that's the same as without 577. Things stay the same because there's no change in the contract.
A. No. Because with -- if the -- without SB577, the contract would stand as it is prior to the amendment, which says once the cap is

reached, customers get that money back.

Q. Okay. All right.

A. So then you have the law that suspends the cap, but you have no change to your PPA, so you can't -- so they wouldn't get that money back.

Q. Okay. And then the final row is 577 passes and you amend the PPA and the Commission approves it and it gets allocated based on the new equal proportional allocation.

A. Yes.

Q. And this small business customer gets an increase of $3.26 a month.

A. Yes.

Q. So that's what we're approving if we approve everything you've asked for.

A. Yes.

Q. And a residential customer would get a $2.61 increase?

A. Yes.

Q. And a medium-size business customer would get a $435 a month increase?

A. Correct.

Q. And a large customer would get a $4,350 a month increase?

A. Correct.

Q. Okay. Thank you.

CHAIRWOMAN MARTIN: Commissioner Giaimo.

BY COMMISSIONER GIAIMO:

Q. Good morning.

A. Good morning.

Q. So I just have a couple clarifying questions. I only have one in Exhibit 11, so maybe we could start there. I'm looking at Page 2, which right in the middle of the page is the $10 million, $10.7 million number. That represents an over-collection; correct?

A. This represents the collections that we anticipate from the rate charges that are being set effective February 1st, 2020. So it's the amount of money that is expected to be collected from customers with these rates, under these rates.

Q. Okay.

PRESIDING CHAIRMAN BAILEY: Can I ask a follow-up?

COMMISSIONER GIAIMO: Please.

COMMISSIONER BAILEY: I think Commissioner Giaimo was asking you about the $10.6 million number, the second to last number from the list right before the rate classes. So I think you're going to collect 52 million, but you have 10 million in the bank; is that correct? Because you need to collect 63 million total annual revenue requirement.

THE WITNESS: Yes.

COMMISSIONER BAILEY: Okay. And that rate is collected using 10 months of -- sorry. That revenue, 52 million, is collected as if you were going to collect it in 10 months of usage rather than 12 months, to make sure that you always have $10 million in the bank.

THE WITNESS: Yes.

COMMISSIONER BAILEY: Okay. Thank you.

BY COMMISSIONER GIAIMO:

Q. Now moving back one exhibit to Exhibit 10. So let me start by apologizing if I get the numbering wrong. I jotted my questions down in the improperly paginated version.

All right. So Bates 19, at the top it talks about the $18.4 million higher than the amount securitized situation. And in testimony you say the audit was not commenced, so the 18.4 million is not included in the SCRC rate filing.

A. Correct.

Q. Do you have any idea when the audit will be completed?

A. I can't speculate. I would assume this year.

Q. And if it's done this year, prior to the reconciliation in middle of the year, that 18.4 million could then be put into rates at that time?

A. Correct.

Q. And is that the -- would all of the 18.4 million go in, or would there be some sort of amortization where only -- I'll stop there.

A. I think we could negotiate that. We could put it in all at once or we could put it in over a certain time period.

Q. If you put it all in at once and it was then to be recovered over only the six-month period remaining, I could imagine a pretty big sticker shock.

A. Yes. Yes.

Q. All right. And that allocation, would that allocation be the unequal allocation that we discussed?

A. Yes.

Q. Okay. Later on in the page you talk about the RGGI adder. Can I ask what assumption, what RGGI number did you use? What did you presume was going to clear the auction?

A. We used the December auction rate, which was --

Q. More or less five and a half dollars?

A. -- $5.61 per ton from the latest auction.

Q. Thank you. Bates 23, Lines 12 and 13, basically request the Commission issue an order by January 24th, 2020 to implement by February 1st. Is that a hard and fast date or --

A. I think we could probably work with a later date if we needed to.

Q. So something early next week may still give you enough time to implement it by February 1st?

A. I believe so. Subject to check, but I believe we could work with that with our billing department.

Q. Thank you.

Okay. I don't have Bates pages here, but they're your schedules. So I'll just use the title of the schedule. I am on ELM-1, 5 of 6.

A. Okay.

Q. We'll start with an easy one there. Lines 10 through 12 have all dashes. Is it -- are those numbers actually di minimus, and there are numbers that could be populated in those columns or spots, or is it associated with generation that no longer exists? What's the reason for that?

A. We have zeros in here because it's difficult to forecast. So we don't have a forecast number for these. Line 10 is related to REC sales; 11 is related to ISO costs, and Line 12 is related to residual generation. So we don't have a reliable forecast for those, so we did not include those. So that's one of the reasons why it could create a variance when we get the actual cost is because we didn't actually have a forecast in there.

COMMISSIONER BAILEY: Could I ask a follow-up?

You're looking at the Exhibit 10 that was filed on Friday. Can you look at the Exhibit 10 that Mr. Fossum gave us this morning, because there are numbers in that chart I just noticed.

THE WITNESS: Could Mr. Fossum give me the exhibit?

(Mr. Fossum hands document to witness.)

PRESIDING CHAIRMAN BAILEY: Sorry. I'm on ELM-2, Page 5 of 6, which is last year's numbers.

THE WITNESS: Two is the actuals, yes.

COMMISSIONER BAILEY: Sorry.

COMMISSIONER GIAIMO: Collective sigh of relief.

BY COMMISSIONER GIAIMO:

Q. Okay. So back to ELM-1, 5 of 6. You have to help me understand this. I'm looking at Line 7. And if I look at it in isolation, it looks like every third month Burgess is in the black. Is that what -- that's what it looks like; right?
A. And if you were to look at the next page, Page 6, you'll see that's when REC deliveries occur --
Q. Okay.
A. -- on a quarterly basis.
Q. All right. So it's the REC themselves that hit the books --
A. Yes.
Q. -- at the beginning of the quarter, and that's why it looks that way.
A. Yes.
Q. But to be clear there, it's not positive.
A. Correct.
Q. Traditionally, I seem to recall there have been months when, and particularly I think in the wintertime when the plant appears operational and actually returns money or credits. But that doesn't appear on this.

Is my recollection proper?

A. You could be accurate. I'd have to go back and look.

Q. Okay. And to touch on the discussion you had with Attorney Amidon, with respect to Line 6, and we'll go to the far end, the 1.3 million associated with what I think are the small hydros there, it's not the woods and it's not Lempster, it's not the -- yeah, it's not biomass and it's not Lempster.

A. Correct.

Q. That comes off the books in December. So --

A. No, I was mistaken. I'm just looking at it. So that continues throughout the forecast period.

Q. So my question of whether or not we would see that number next year is, yes, we will --

A. Yes.

Q. -- see a number similar to that next year.

A. We will. Yes.

COMMISSIONER BAILEY: Can I ask a follow-up?

Can you find out for us when those contracts expire?

THE WITNESS: I can.

COMMISSIONER BAILEY: Okay. Thank you.

MR. FOSSUM: Is that being asked as a record request for this filing?

COMMISSIONER BAILEY: Yes, please. When do the non-wood IPP contracts expire?

COMMISSIONER GIAIMO: Thank you, Ms. Menard. That's the extent of my questions.

THE WITNESS: Thank you.

CHAIRWOMAN MARTIN: I just have one question that hasn't already been answered.

BY CHAIRWOMAN MARTIN:

Q. Your calculation of the Chapter 340 adder presumes approval by the Commission of the settlement agreement and the PPA; correct?

A. Correct.

Q. So just to clarify for the record, there has not been an order issued yet in DE 19-142; correct?

A. Correct.

Q. So we may require, depending upon the outcome of that, a compliance filing consistent with the Commission order.

A. Correct.

CHAIRWOMAN MARTIN: Okay. Mr. Fossum, any follow-up?

MR. FOSSUM: I was going to ask essentially that question, but I'll ask a variant of it.

REDIRECT EXAMINATION

BY MR. FOSSUM:

Q. Ms. Menard, essentially, what would happen if the Commission elects not to approve the PPA amendment and the associated settlement?

A. In that case, we would file an amended SCRC rate and compliance filing to remove the settlement agreement language, the Chapter 340 adder, and we would essentially go back to customers receiving the $5.3 million credit in accordance with the current PPA language.

Q. So maybe not exactly, but something close to the calculation that was in the January 10th filing?

A. Except for the Chapter 340 adder, yes. Yeah, that's what it would look like. Correct.

Q. And I just have one, I think one question, hopefully.

Looking at Exhibit 13 and the questions that you went through with Commissioner Bailey, I think perhaps you said this, but just for clarity, the bill impacts that are noted there, those are bill impacts associated only with these Burgess costs. So what's noted here does not take into account other changes in the SCRC rate; is that correct?

A. Correct.

Q. So the increase or decrease that's described in there is exclusive of whatever else might be happening.

A. Yes.

Q. Thank you.

MR. FOSSUM: That's all I have.

CHAIRWOMAN MARTIN: Okay. Thank you.

Before we sum up, let's just go through the exhibits. Haven't heard any objection to any of the exhibits. Any objections?

[No verbal response]

CHAIRWOMAN MARTIN: Okay. Then we will strike -- oh, Suzanne, do you have one?

MS. AMIDON: No, but I just would request that the Commission designate Exhibit 14 for the record response to Commissioner Bailey's request.

CHAIRWOMAN MARTIN: Thank you.

THE CLERK: I'd also like to note that Exhibit 12 and 13 are not correctly Bates-stamped.

MS. AMIDON: That is known to Staff and to the Commissioners, but it was what was filed, and the filing that the Company submitted today is intended to correct those oversights.

MR. FOSSUM: If the Commission desires versions of Exhibits 12 and 13 with Bates stamps, we can add those. That's not an issue. We could resubmit those.

CHAIRWOMAN MARTIN: I don't think that we will require those this time. If you could just, going forward, try to include those, that would be appreciated.

MR. FOSSUM: Understood. Thank you.

CHAIRWOMAN MARTIN: Okay. So we'll strike the I.D. on Exhibits 8 through 13. And as Ms. Amidon pointed out, we'll hold the record open for the response to the record request and label that Exhibit 14.

Is that everyone's understanding?

MR. FOSSUM: Yes.

CHAIRWOMAN MARTIN: Okay. Then let's proceed to sum up.

Mr. Kreis.

MR. KREIS: Thank you, Madam Chairperson.

Let me start by thanking Eversource and the Staff and the Commission for laboring with us and amongst themselves fairly intensively last week or so to get all of this in shape and well understood and in a condition that means that things are logical and simple and reasonable.

The Commission's approval of what Eversource is proposing here, as reflected essentially, I think it's Exhibit 10, would require the Commission to approve the settlement agreement that's pending in Docket 19-142. We think that what Ms. Menard has referred to here as the "Chapter 340 adder" is fundamentally fair because all of Eversource's customers in each of the various rate classes is paying its fair share of the costs associated with SB577. We do, on behalf of residential customers, reserve the right to argue that none of the Chapter 340 costs should be in rates if the 19-142 settlement is not approved, and in fact we will make that argument if necessary.

Including the Chapter 340 adder in rates at this time, however, and approving that settlement agreement is a fair bargain for all ratepayers. And what's in it for ratepayers is the concession by Burgess Biopower that suspension of the cap means that they simply get to keep another three years of over-market costs. Their position would be, I think, that they get to keep that money, and our position is that they only get to keep it for three years and then have to pay it back. And they have implicitly conceded, I think, to that latter position.

The Staff of the Commission signed the 19-142 settlement agreement implicitly acknowledging that that agreement is fair to all customer classes, even though the OCA only represents residential customers. And so to arrive at just and reasonable rates, which is the standard that applies here, the Commission has to do one of two things: It has to issue an order in Docket 19-142 approving the settlement and thus approving the SCRC rate proposed here, including the Chapter 340 adder; or, and I think this is what Ms. Menard suggested that you could also do, you can approve the stranded cost recovery charge here without the Chapter 340 adder and leave to additional litigation by the various parties and likely an appeal to the New Hampshire Supreme Court over the constitutionality of the additional costs imposed on customers by Senate Bill 577. So I think that's all I have to say.

CHAIRWOMAN MARTIN: Thank you.

Ms. Amidon.

MS. AMIDON: Thank you. Staff reviewed the filings and ultimately determined that the SCRC Part 1 and Part 2 costs and the RGGI adder are appropriately calculated and result in just and reasonable rates that are in the public interest. And we have also looked at the calculation of what we're calling the Chapter 340 costs, and we agree that it's calculated in a manner that is consistent with the settlement agreement that has been proposed and is pending in 19-142. However, Staff agrees with the Commission, that whatever the Commission determines in that docket, whether to approve or to otherwise condition that settlement agreement, the Company will need to make an updated compliance filing and tariff in this proceeding to conform with whatever the Commission determines, and will have to include any corrections that were made in the last filing as opposed to the January 10th filing with respect to the discussion about, for example, the over-recovery and the amounts that are actually in play in that regard. Thank you.

CHAIRWOMAN MARTIN: Thank you.

Mr. Fossum, I just want to clarify one thing. Do you plan to file a replacement with the strikeouts, or are you satisfied with what we have on the record?

MR. FOSSUM: I think I'd appreciate the opportunity to turn the pages one more time, just in case. This has, I think it's fairly clear, undergone a couple of revisions in a very short time frame, and it's possible that something else may need a minor correction. I hope not. I don't believe so. But I'd appreciate the opportunity to look at that and, if necessary, file a version of Exhibit 10 that addresses all of that.

CHAIRWOMAN MARTIN: And that's just Exhibit 10?

MR. FOSSUM: Yes.

CHAIRWOMAN MARTIN: Okay. Commissioner Giaimo asked if you could highlight the changes, to the extent you make them, in your new filing.

MR. FOSSUM: Certainly.

CHAIRWOMAN MARTIN: Thank you.

Go ahead.

MR. FOSSUM: Thank you. Having heard the comments of the OCA and Staff, I don't believe that the Company has much to disagree with. We believe the rates that we have put before you are just and reasonable and would ask that they be approved.

As has been made clear toward the end of the questioning and in some of the statements you've heard, the rates that are before you are premised upon the approval of the PPA amendment and pending settlement agreement in Docket 19-142. While we're a signatory to that settlement agreement and believe that it ought to be approved, we appreciate that the Commission could find differently. We hope that they don't. If they do, we are prepared to make the corrections to the filing that are necessary to address that. Ultimately, it's the Company's position that that settlement agreement is an appropriate resolution of the issues in that docket and that the calculation that flows from that and into this docket is likewise appropriate and reasonable.

So with that said, and understanding our continuing obligation to address what is in Exhibit 10, as well as the record request that's being held open for Exhibit 14, we would ask the Commission approve the rates that are proposed as soon as it is able to do so, so that we can put them into effect February 1st. Thank you.

CHAIRWOMAN MARTIN: Thank you. With that, we will hold the record open for corrected Exhibit 10, the record request Exhibit 14, and we will take the matter under advisement and issue an order promptly. Thank you.

(Hearing adjourned at 11:11 a.m.)

C E R T I F I C A T E

I, Susan J. Robidas, a Licensed Shorthand Court Reporter and Notary Public of the State of New Hampshire, do hereby certify that the foregoing is a true and accurate transcript of my stenographic notes of these proceedings taken at the place and on the date hereinbefore set forth, to the best of my skill and ability under the conditions present at the time.

I further certify that I am neither attorney or counsel for, nor related to or employed by any of the parties to the action; and further, that I am not a relative or employee of any attorney or counsel employed in this case, nor am I financially interested in this action.

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Susan J. Robidas, LCR/RPR
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