

STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION
UPDATED DIRECT TESTIMONY OF MARISA B. PARUTA
PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY
REQUEST FOR CHANGE IN STRANDED COST RECOVERY CHARGE RATE
FEBRUARY 1, 2023 THROUGH JANUARY 31, 2024

January 11, 2023

Docket No. DE 22-039

1 **I. INTRODUCTION**

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

3 A. My name is Marisa B. Paruta. My business address is 107 Selden Street, Berlin,
4 Connecticut. I am employed by Eversource Energy Service Company as the Director of
5 New Hampshire and Connecticut Revenue Requirements and in that position, I provide
6 service to Public Service Company of New Hampshire d/b/a Eversource Energy (“PSNH”,
7 “Eversource” or the “Company”).

8 **Q. Please provide your educational and professional background.**

9 A. I received a Bachelor of Arts degree in accounting from the University of Connecticut
10 School of Business. I started my career at Arthur Andersen in the client audit and assurance
11 practice, continuing at Deloitte in the same practice. I joined Northeast Utilities,
12 Eversource Energy’s predecessor, in 2002. I worked in the accounting organization in
13 multiple positions leading to the Director of Corporate Accounting and Financial Reporting

1 in 2015. I moved to the Regulatory and Revenue Requirements team in my current position
2 in June 2021. I have been with Eversource Energy for over 19 years.

3 **Q. What are your responsibilities in your current position?**

4 A. I am currently responsible for the coordination and implementation of revenue
5 requirements calculations and regulatory filings for the New Hampshire and Connecticut
6 electric and natural gas subsidiaries of Eversource Energy, as well as the filings associated
7 with PSNH's default Energy Service ("ES"), Stranded Cost Recovery Charge ("SCRC"),
8 Transmission Cost Adjustment Mechanism ("TCAM"), System Benefits Charge ("SBC"),
9 Regulatory Reconciliation Adjustment ("RRA") mechanism and Base Distribution Rates.

10 **Q. Have you previously testified before the New Hampshire Public Utilities Commission**
11 **(the "Commission")?**

12 A. Yes, I provided testimony before the Commission in support of the Company's RRA
13 filings submitted in Docket Nos. DE 21-029 and DE 22-010; Step 3 Adjustment filing in
14 Docket No. DE 22-030; TCAM Rate filing in Docket No. DE 22-034; Recovery of Storm
15 Expense filing in Docket No. DE 22-031; and ES Rate filings in Docket No. DE 22-021.
16 I also testified in front of the Commission in Docket No. DE 20-092 pertaining to the
17 2022-2023 Energy Efficiency Plan and Docket No. DE 21-078 pertaining to the EV
18 Make Ready/Demand Charge Alternatives.

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

20 A. The purpose of this testimony is to propose and explain the Company's SCRC adjustment
21 for effect February 1, 2023. My testimony provides an overview of the adjustments to

1 the following components of the SCRC rate including the (i) Regional Greenhouse Gas
2 Initiative (“RGGI”) refund, (ii) Ch. 340 excess Burgess BioPower power purchase
3 agreement¹ (“PPA”) payments, (iii) Environmental Remediation costs, and (iv) Net
4 Metering adders.

5 **Q. Has the SCRC rate been calculated consistent with the Commission’s Order No.**
6 **26,658 (July 28, 2022) in Docket No. DE 22-039?**

7 A. Yes, the proposed February 1, 2023 SCRC rates have been prepared consistent with the
8 last Commission order approving SCRC rates for effect August 1, 2022.

9 **II. OVERVIEW**

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

11 A. The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F
12 and 369-B. The PSNH Restructuring Settlement, approved in Order No. 23,549, defined
13 PSNH’s stranded costs and categorized them into three different parts (i.e., Parts 1, 2 and
14 3). Part 1 costs are comprised of the Rate Reduction Bond (“RRB”) Charge, which was
15 calculated to recover the principal, net interest, and fees related to the RRBs. These original
16 RRBs were fully recovered as of May 1, 2013. As part of Eversource’s divestiture of its
17 generating facilities under the settlement in Docket No. DE 14-238, new RRBs were issued
18 in May 2018 and are included as Part 1 costs in the SCRC rate. Part 2 costs are “ongoing”
19 stranded costs consisting primarily of the over-market value of energy purchased from
20 independent power producers (“IPPs”) and the amortization of payments previously made

¹ PPA contract with Burgess BioPower, LLC approved in Docket No. DE 10-195, Order No. 25,213 (April 18, 2011) and Order No. 26,198 (December 5, 2018). The PPA terminates on November 30, 2033.

1 for IPP buy-downs and buy-outs as approved by the Commission. Also, as part of the
2 divestiture of Eversource's generating facilities, Part 2 incorporates various new costs,
3 including: the costs of retained power entitlements,² unsecuritized prudently incurred
4 decommissioning costs (if any), environmental, or other residual costs or liabilities related
5 to the generating facilities. Part 3 costs, which were primarily the amortization of non-
6 securitized stranded costs, were fully recovered as of June 2006.

7 Additionally, as noted above, the SCRC rate proposed to be billed to customers beginning
8 February 1, 2023 includes recovery/refund of the following adders: (i) the RGGI refund
9 as required by RSA 125-O:23, II and Order No. 25,664, directing Eversource to refund
10 RGGI auction proceeds it receives through the SCRC rate; (ii) Ch. 340 excess Burgess
11 PPA payments per the Docket No. DE 19-142 Settlement Agreement and Order No.
12 26,331; (iii) amortization of Environmental Remediation costs per the Docket No. DE 19-
13 057 Settlement Agreement Section 7.1 and Order No. 26,433, and; (iv) Net Metering Costs
14 per the Docket No. DE 20-136 Settlement Agreement and Order No. 26,450.

15 **Q. Is Eversource currently proposing a specific SCRC rate and separate adders as noted**
16 **above at this time?**

17 A. Yes. Attachment MBP-1 and Attachment MBP-2 provide rate class specific updated rate
18 calculations for the SCRC rates proposed for February 1, 2023. This updated rate filing is
19 consistent with prior SCRC filings and reflects (i) additional actual data that was
20 unavailable at the time of the December 2022 filing (November 2022 data); and (ii) the

² In addition to the contract with Burgess BioPower, LLC, the PPA with Lempster and NH Electric Coop (NHEC) – Lempster approved in Docket No. DE 08-077, Order No. 24,965 (May 1, 2009), terminates on November 30, 2023.

1 annual RRB Routine True-Up letter that was filed on January 11, 2023 in Docket No. DE
2 17-096 to update the RRB rates. The proposed February 1, 2023 average SCRC rates (Part
3 1 and Part 2 only, excluding the RGGI Refund, Ch. 340, Environmental Remediation and
4 Net Metering adder amounts) provided in this filing are shown in the table below.

Rate Class	Current Rate (cents/kWh)	Proposed Rate (cents/kWh)	Change (cents/kWh)
Rate R	0.532	0.718	0.186
Rate G	0.400	0.734	0.334
Rate GV	0.323	0.606	0.283
Rate LG	0.092	0.228	0.136
Rate OL/EOL	0.110	1.024	0.914

5
6 The SCRC rate adders for RGGI Refund, Ch. 340, Environmental Remediation and Net
7 Metering are provided in Attachment MBP-3 and MBP-4 (RGGI Refund), MBP-5 and
8 MBP-6 (Ch. 340), MBP-7 and MBP-8 (Environmental Remediation), and MBP-9 and
9 MBP-10 (Net Metering). The proposed February 1, 2023 SCRC rate adders provided in
10 this filing are shown in the table below.

Rate Adder	Current Rate (cents/kWh)	Proposed Rate (cents/kWh)	Change (cents/kWh)
RGGI Refund	(0.535)	(0.362)	0.173
Ch. 340	0.000	(0.129)	(0.129)
Environmental Remediation	0.048	0.046	(0.002)
Net Metering	0.223	0.414	0.191
Total Adders	(0.264)	(0.031)	0.233

11
12 The total proposed February 1, 2023 SCRC rates (including adders) by rate class
13 provided in this filing are included below.
14

Rate Class	Current Rate (cents/kWh)³	Proposed Rate (cents/kWh)	Change (cents/kWh)
Rate R	0.268	0.687	0.419
Rate G	0.136	0.703	0.567
Rate GV	0.059	0.575	0.516
Rate LG	(0.172)	0.197	0.369
Rate OL/EOL	(0.154)	0.993	1.147

1

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

4 A. As part of the Settlement Agreement approved in Docket No. DE 14-238 at line 252 of
5 Section III.A, the SCRC revenue requirement is allocated to each rate class as follows:

Rate Class	Allocation Percentage
R	48.75
G	25.00
GV	20.00
LG	5.75
OL/EOL	0.50

6

7 Applying this differing allocation by rate class means that there can no longer be a single
8 average SCRC rate for all customers. Page 1 of Attachment MBP-1 provides the rate class
9 specific average SCRC rates including and excluding the RGGI Refund, Ch. 340,
10 Environmental Remediation and Net Metering adders.

11 **Q. What are the major reasons for the increase in the SCRC rate from the rates**
12 **currently in effect?**

³ Rates approved in Docket No. DE 22-039, Order No. 26,658 (July 28, 2022).

1 A. The change in the proposed SCRC rates for effect on February 1, 2023, as compared to the
2 current rates, is due primarily to: (i) a decrease in Part 1 Costs of \$5.9 million; (ii) an
3 increase in Part 2 Above Market IPP and PPA costs of \$3.9 million; (iii) an increase in
4 other Part 2 costs of \$3.2 million, and (iv) an increase due to the change in prior period
5 over recovery, as compared to the current period over recovery, which amounted to \$9.5
6 million. The cumulative impact of these changes is an increase in the SCRC rate. The
7 table below provides additional detail identifying the variance from the underlying cost in
8 the rates that were approved for August 1, 2022 and the proposed February 1, 2023 rate
9 filing.

Description	(\$000s)		
	Approved August 1, 2022 Rates per Order No. 26,658	Proposed February 1, 2023 Rates	Inc/(Dec)
Part 1 Costs	63,164	57,259	(5,905)
Part 2 Costs:			
Above Market Non-Wood IPPs	(531)	(526)	5
Above Market Cost of Burgess	22,170	26,194	4,024
Above Market Cost of Lempster	184	17	(167)
Above Market IPP & PPA Costs	21,824	25,685	3,861
Energy Service REC Revenues Transfer	(15,013)	(15,455)	(442)
REC Sales Proceeds/RPS True-up	(4,451)	(2,088)	2,363
ISO-NE/Other O&M	36	42	6
Residual Generation O&M	(8,667)	(10,963)	(2,296)
NEIL Credit	(949)	(949)	-
EDIT	(6,167)	(3,293)	2,874
Generation Divestiture Costs not Securitized	-	-	-
Return	(792)	(115)	677
Total Part 2 SCRC Costs	(14,180)	(7,136)	7,044
1/31/23 SCRC Part 1 and 2 (Over)/Under Recovery	(11,112)	(1,563)	9,549
Total Part 1 and 2 Costs plus 1/31/23 (Over)/Under Recovery	37,872	48,560	10,688
SCRC Part 1 and 2 Revenues	(45,405)	(48,599)	(3,194)
Total Increase in SCRC Part 1 and 2 Costs	(7,533)	(39)	7,495

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Q. Please describe the detailed support for the calculation of the average SCRC rates provided in Attachments MBP-1 and MBP-2.

3

4

A. Attachment MBP-1, page 1, provides the calculation of the average SCRC rates for the five rate classes incorporating the cost allocation for each rate class defined in the settlement agreement approved in Docket No. DE 14-238 as shown above. Page 2 provides a summary of the monthly forecast cost information related to the Part 1 and Part 2 costs as

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6

7

1 well as the total monthly forecasted SCRC revenues for the 12-month period from February
2 1, 2023 to January 31, 2024. Page 3 provides the estimated rate class specific RRB charges
3 (SCRC Part 1) that were calculated using the current Part 1 RRB rates established for this
4 February 1, 2023 SCRC rate filing in Docket No. DE 22-039. The Part 1 RRB charges on
5 page 3 also reflect the most recent RRB rates established for the current period as filed in
6 Docket No. 17-096 and provided in Attachment MBP-15. Page 4 has been provided to
7 reconcile the amount of funds that are collected through the RRB charge by its inclusion
8 in the SCRC with the amount of funds that are in the Collection and Excess Funds trust
9 accounts. It is important to note that customers are not directly paying the principal,
10 interest and fees associated with the RRBs in the SCRC rate calculation. Instead,
11 customers are paying an RRB charge as part of the overall SCRC rate that results in
12 remittances to the RRB trust that are used to satisfy the principal, interest and fees of the
13 RRBs. The RRB charge is calculated to satisfy the principal, interest and fees of the RRBs
14 using forecasted sales. Page 5 provides detailed cost information by month related to the
15 Part 2 ongoing costs, and summary information for the Burgess and Lempster contracts as
16 well as cost and revenues associated with the purchase of Renewable Energy Certificates
17 (“REC”) from these contracts and the transfer of Class I REC revenues between the ES
18 rate and the SCRC rate to account for the Class 1 RECs necessary to satisfy the Class 1
19 Renewable Portfolio Standard (“RPS”) requirement for ES. Page 6 provides additional
20 details related to the Burgess and Lempster contracts as well as the cost associated with the
21 RECs purchased under these contracts and the transfer of the Class I REC RPS obligation

1 amount between the SCRC and the ES rates. Page 7 provides the details regarding the
2 calculation of the stipulated return. Attachment MBP-2, pages 1 through 7 provide the
3 actual and detailed forecast cost, revenue and carrying charge components relating to the
4 SCRC reconciliation for the 12-month period ending January 31, 2023.

5 **III. PART 1 COMPONENT**

6 **Q. How are the February 1, 2023 SCRC Part 1 Costs calculated?**

7 A. The Part 1 SCRC actual and forecast costs for the 12-month period ending January 31,
8 2023 are shown in Attachment MBP-2, Page 3 and forecasted costs for the 12-month
9 period ending January 31, 2024 are shown in Attachment MBP-1, Page 3. In the months
10 that have been estimated for this filing, the forecasted Part 1 SCRC costs are calculated
11 using the RRB rates established in the latest Routine True-up Letters dated January 5,
12 2022 and January 11, 2023 in Docket No. DE 17-096 multiplied by the forecasted sales
13 for each rate class. Since there is a one-month lag in the RRB remittance process, the
14 forecasted sales are also reported on a one-month lag in Attachments MBP-1 and MBP-2,
15 Page 3. These estimates represent a reasonable estimate of the expected RRB charge
16 remittances.

Q. Have the RRB rates shown in Attachment MBP-15 (January 11, 2023 RRB True-Up letter) reflected in this February 1, 2023 SCRC rate filing?

17 A. Yes. The Company filed the Annual Routine True-up Letter in Docket No. DE 17-096 on
18 January 11, 2023, as shown in Attachment MBP-15, to reset the RRB rates. This filing
19 reflects the updated forecast Part 1 costs based on the new RRB rates. Therefore, the RRB

1 rates set forth in Attachment MBP-15 of this filing are applied to the forecast kWh sales
2 used throughout the SCRC rate by class to calculate the revenue required to apply to the
3 Part 1 costs. Variances between estimated and actual revenue received from Part 1 costs
4 will be reconciled in the February 1, 2024 SCRC filing.

5 **IV. PART 2 COMPONENT**

6 **Q. Could you please provide additional details for the Part 2 on-going costs included on**
7 **page 5 of Attachments MBP-1 and MBP-2?**

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

9 1. (Lines 1 through 11): Non-Wood IPPs⁴: All costs and market revenues associated
10 with the existing IPPs. Prior to divestiture, any benefit of below market energy or
11 capacity associated with the IPPs was included in the Energy Service rate, while
12 the above market portion was included in the SCRC. Consistent with the settlement
13 in Docket No. DE 14-238, all IPP costs and revenues, whether above or below
14 market, are included in the SCRC.

15 2. (Line 12) Burgess PPA: Effective April 1, 2018, the costs and market revenues
16 associated with the Burgess PPA are included in the SCRC. Line 12 shows the net
17 cost of the Burgess PPA. Additionally, provided in Attachments MBP-1 and MBP-
18 2 (page 6) is support for the underlying actual and forecast assumptions related to
19 the costs and revenues associated with the Burgess PPA by month.

⁴ Two longer term IPP contracts remain and will expire on December 31, 2022 and December 31, 2023 respectively. Upon termination of the longer term IPP contracts, such contracts will transition and be treated like all other IPPs, where they will be transacted under a short-term rate order based on short term avoided cost rates.

1 3. (Line 13) Lempster PPA: Effective April 1, 2018, the costs and market revenues
2 associated with the Lempster PPA are included in the SCRC and shows the net cost
3 of the Lempster PPA. Additionally, provided in Attachments MBP-1 and MBP-2
4 (page 6) is support for the underlying actual and forecast assumptions related to the
5 costs and revenues associated with the Lempster PPA by month.

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

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

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

23 5. (Line 15): REC Sales Proceeds/RPS True Up: As Class I RECs in excess of those
24 necessary to satisfy the Energy Service Class I REC requirement are sold, the
25 proceeds associated with the sales will be included in actual data, in addition to the

1 annual RPS compliance filings in the month of June and any related RPS true up
2 related to the Class I REC transfer to Energy Service.

3 6. (Line 16) ISO-NE/Other Costs: The costs included in this line are miscellaneous
4 ISO-NE resettlement and administrative costs and other costs along with credits
5 that were historically included in the ES rate.

6 7. (Line 17) Residual Generation O&M: The ongoing costs and liabilities associated
7 with the divested Generation assets. These include property tax refunds, pension
8 credits, commitments associated with the hydro plants, and legal fees associated
9 with lawsuits related to the Generation assets when they were owned by
10 Eversource.

11 8. (Line 18) Nuclear Electric Insurance Limited (“NEIL”) Credits: charges and
12 credits related to Seabrook Power Contracts between Eversource and North
13 Atlantic Energy Company (“NAEC”).

14 9. (Line 19) Excess Deferred Income Taxes (“EDIT”): At the beginning of 2018, the
15 Federal and State tax rates changed which resulted in EDIT. That excess is being
16 refunded to customers. The non-capital asset-related Federal EDIT, as well as the
17 State EDIT, will be fully refunded to customers in 2023, both of which were
18 amortized over a five-year period. The remaining capital asset-related Federal
19 EDIT will continue to amortize through the period ending in 2040.

20 10. (Line 20) Generation Divestiture Costs not Securitized: divestiture costs not
21 securitized that were subject to audit and settlement in Docket No. DE 20-005. Per

1 the settlement agreement, a one-time amount of \$12 million was recovered over a
2 twelve-month period ending January 2022.

3 **V. RGGI REFUND COMPONENT**

4 **Q. Please describe the detailed support for the calculation of the RGGI Refund rate**
5 **provided in Attachments MBP-3 and MBP-4.**

6 A. In Order No. 25,664 in Docket No. DE 14-048, and pursuant to RSA 125-O:23, II, the
7 Commission ordered that certain proceeds from the quarterly RGGI auctions be rebated to
8 Eversource’s customers through the SCRC. Attachment MBP-3, page 1, and Attachment
9 MBP-4, page 1 provide a summary of forecasted 2023 and actual/forecasted 2022
10 information related to RGGI auctions and the amounts allocated to Eversource for refund.

11 **Q. Is Eversource currently proposing a specific RGGI Refund rate adder at this time?**

12 A. Yes, it is. Attachment MBP-3, page 1 provides a proposed rate calculation. The proposed
13 February 1, 2023 RGGI Refund rate provided in this filing is (0.362) cents/kWh and is
14 0.173 cents/kWh lower of a benefit to customers than the current August 1, 2022 RGGI
15 Refund rate of (0.535) cents/kWh.

16 **VI. CH. 340 ADDER COMPONENT**

17 **Q. Please provide additional details for the Ch. 340 Adder costs included in Attachments**
18 **MBP-5 and MBP-6?**

19 A. As described earlier, in Docket No. DE 19-142, a Joint Motion was filed related to the rate
20 recovery of costs associated with the Cumulative Reduction Factor (“CRF”) under the PPA
21 with Burgess BioPower. Broadly speaking, under the terms of the PPA, any amounts in
22 the CRF above \$100 million were to be deducted from the amounts paid to Burgess for

1 purchases under the PPA. At the end of operating year 6, the CRF amount was
2 \$106,976,603 or \$6,976,603 above the limit set by the PPA. That amount was further
3 reduced by the excess MWh adjustment called for in the PPA of \$1,709,925, which was
4 deducted from the amounts paid to Burgess during the first three months of operating year
5 7 (December 2019 through February 2020) and has been fully incorporated and recovered
6 in previous SCRC rates.

7 It was also agreed in Docket No. DE 19-142 that the forecasted over cap costs for Burgess
8 should be recovered in current rates rather than waiting until the end of the operating year
9 and recovering in the following year. The calculation of Burgess over market costs per the
10 PPA is shown in Attachments MBP-1 and MBP-2, Page 6, lines 1 to 8. The Burgess over
11 market energy costs are shown in Attachments MBP-1 and MBP-2, Page 6, lines 16 to 21
12 and recovered in the Ch. 340 Adder rate as shown in Attachments MBP-5 and MBP-6.
13 Since these are actual and forecasted costs and revenues and rely on assumptions of
14 Burgess energy output and market prices as well as forecasted retail MWh sales, the Ch.
15 340 adder costs are reconciled in this and future SCRC rate filings.

16 Under the terms of the settlement agreement in Docket No. DE 19-142, rather than being
17 deducted from the amounts paid to Burgess, the excess is recovered from customers
18 through the SCRC on an equal cents per kWh basis rather than the specified class
19 percentages. This is shown in the Ch. 340 Adder calculations in Attachment MBP-5. The
20 updated and proposed Ch. 340 Adder rate effective February 1, 2023 is (0.129) cents/kWh
21 as compared to the current Ch. 340 Adder rate of 0.000 cents/kWh. Attachment MBP-5,

1 page 1, provides a summary of the rate calculation and Attachments MBP-5 and MBP-6,
2 page 2, provide the monthly detail for the Ch. 340 costs and revenues. The concurrent
3 recovery of the over market Burgess energy costs is removed from Part 2 SCRC cost and
4 transferred for recovery through the Ch. 340 Adder. The over market energy costs are
5 calculated based on the contract market rates. There is a slight difference between the over
6 market energy costs per the PPA and ISO-NE revenues. The difference remains in the Part
7 2 SCRC costs. This is shown in Attachments MBP-1 and MBP-2, Page 6.

8 VII. ENVIRONMENTAL REMEDIATION ADDER COMPONENT

9 Q. Please describe the detailed support for the calculation of the Environmental 10 Remediation Cost Adder rate provided in Attachments MBP-7 and MBP-8.

11 A. Per the Commission's Order No. 26,433 issued on December 15, 2020 approving the
12 Settlement Agreement in Docket No. DE 19-057, the Company, in compliance with
13 Section 7.1 of the Settlement Agreement, has prepared Attachment MBP-7 to recover the
14 Environmental Remediation Costs through the SCRC. Section 7.1 of the Settlement
15 Agreement states the following:

16 Since the time of restructuring, PSNH has been permitted to defer
17 estimated environmental remediation/manufactured gas plant
18 ("MGP") costs primarily relating to former generation sites. The
19 Company shall be allowed to recover the environmental
20 reserve/MGP liability in the Stranded Cost Recovery Charge
21 ("SCRC") rate at equal cents per kWh across customer classes rather
22 than in distribution rates. To address the shift to the SCRC, the
23 Company has removed an annual amortization of \$2.3 million over
24 four years as of December 31, 2018 from its proposed revenue
25 requirement in this case and shall include it in the SCRC filing
26 following approval of this Settlement Agreement. The amounts to
27 be recovered in the SCRC shall be updated to reflect the actual
28 deferred balance as of the time of the SCRC filing and be amortized

1 over a four-year period. Future environmental costs shall be
2 recovered on a current basis through the SCRC.
3

4 As noted above the Company removed from the base distribution revenue requirement an
5 annual amortization amount of approximately \$2.3 million based on the Docket No. DE
6 19-057 test year-end Regulatory Asset balance. Consistent with the Commission's
7 approval of the Settlement Agreement in Order No, 26,433, Attachment MBP-7, page 2,
8 footnote (A) reflects the Environmental Remediation Regulatory Asset balance as of
9 January 31, 2021 of approximately \$12.2 million to be recovered over four years, or an
10 annual amortization amount of approximately \$3.0 million. Attachment MBP-7, page 1,
11 reflects the proposed average Environmental Remediation Cost Adder rate of 0.046
12 cents/kWh effective February 1, 2023, as compared to the current Environmental
13 Remediation Adder rate of 0.048 cents/kWh.

14 **VIII. NET METERING ADDER COMPONENT**

15 **Q. Please describe the detailed support for the calculation of the Net Metering Cost**
16 **Adder rate provided in Attachments MBP-9 and MBP-10.**

17 A. Docket No. DE 20-136 reviewed and determined via a Settlement Agreement that the
18 SCRC is the appropriate recovery mechanism for recovery and rate treatment of net
19 metering and group host costs as shown in Attachments MBP-9 and MBP-10. Recovery
20 through the SCRC was approved by the Commission in Order No. 26,450. Attachment
21 MBP-9 reflects the proposed average Net Metering Cost Adder rate of 0.414 cents/kWh
22 effective February 1, 2023, as compared to the current Net Metering Cost Adder rate of
23 0.223 cents/kWh.

1 **IX. BILL IMPACTS AND TARIFF PAGES**

2 **Q. Has the Company included rate exhibits and calculations of the customer bill impacts**
3 **for the proposed February 1, 2023 SCRC rate change?**

4 A. Yes, this detail is provided in Attachment MBP-13 (including new rates “EV-2” and
5 “RODOD-2”) as follows:

- 6 • Page 1 compares the current SCRC rates (as of November 1, 2022) to the updated
7 SCRC rates proposed for effect February 1, 2023 by rate class.
- 8 • Page 2 provides the rate adjustment factor and SCRC rates by rate class for the
9 current and updated SCRC rates, including and excluding the RGGI Refund,
10 Environmental Remediation Adder and Net Metering Adder.
- 11 • Page 3 provides the calculation of the SCRC rate adjustment factors by rate class
12 for the updated proposed average SCRC rates and RGGI adders.
- 13 • Page 4 provides a comparison of residential rates proposed for effect February 1,
14 2023 to current rates (as of November 1, 2022) for a 550 kWh monthly bill, a 600
15 kWh monthly bill, and a 650 kWh monthly bill.
- 16 • Page 5 provides a comparison of residential rates proposed for effect February 1,
17 2023 to rates effective February 1, 2022 for a 550 kWh monthly bill, a 600 kWh
18 monthly bill, and a 650 kWh monthly bill.
- 19 • Page 6 provides the average impact of each change on bills for all rate classes by
20 rate component on a total bill basis, excluding energy service.
- 21 • Page 7 provides the average impact of each change on bills for all rate classes by
22 rate component on a total bill basis, including energy service.

1 The rate impacts provided in Attachment MBP-13 incorporate changes in the distribution
2 rates reflecting (i) all changes in permanent rates approved by the Commission in Docket
3 No. DE 19-057; (ii) Step 3 adjustment related to Distribution Rates approved in Docket
4 No. 22-030, Order No. 26,709 (October 20, 2022); (iii) Energy Service rate changes
5 approved in Docket No. DE 22-021, Order No. 26,645 (June 23, 2022); (iv) RRA rate
6 approved in Docket No. DE 22-010, Order No. 26,653 (July 26, 2022); (v) TCAM rate
7 approved in Docket No. DE 22-034, Order No. 26,651 (July 22, 2022) and; (vi) SCRC rate
8 changes proposed in this filing.

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

10 A. Yes, updated tariff pages are provided as shown in Attachment MBP-14.

11 **X. ORDER NO. 26,658 COMPLIANCE⁵**

12 **Q. Has Eversource provided a reconciliation of Part 2 SCRC costs with actual costs?**

13 A. Yes, please see Attachments MBP-11 (February 2023 to January 2024) and MBP-12
14 (February 2022 to January 2023) for a reconciliation of Part 2 SCRC costs.

15 **Q. The Commission's Order No. 26,658 directed the Company to consider incorporating**
16 **the various charges included in the SCRC rates on an annual basis prospectively. Has**
17 **the Company considered this suggestion?**

18 A. Yes, and the Company is generally supportive of an annual SCRC adjustment. However,
19 as discussed below, the Company must retain the ability to request a semi-annual
20 adjustment with respect to the Part 1 RRB charge.

⁵ Order No. 26,658 (July 28, 2022), at 6.

1 For the majority of the SCRC filing components (Part 2 recovery of ongoing stranded
2 costs,⁶ RGGI Refund Adder, Ch. 340 Burgess PPA Excess Energy Adder, Environmental
3 Remediation Adder, and Net Metering Adder), Eversource supports changing the SCRC
4 filing schedule and the currently approved tariff⁷ to accommodate an annual filing (every
5 twelve months) versus maintaining the current semi-annual filings (every six months).
6 However, with respect to the Part 1 RRB charges, it is necessary for Eversource to comply
7 with the terms of the Servicing Agreement between PSNH Funding LLC 3 and PSNH,
8 which require adjustments “as necessary” and this language is reflected in the Company’s
9 tariff⁸. As noted in the Service Agreement and Prospectus filed with the Securities and
10 Exchange Commission, Eversource must also retain this ability to make routine mid-year
11 adjustments and/or other non-routine adjustments more than once annually, in order to
12 retain the AAA rating that yielded the significant customer benefits of the approved
13 Securitization agreements related to the divested generation assets and as prescribed by the
14 Servicing Agreement.

15 **Q. Does the Company anticipate that it will continue to make semi-annual SCRC filings?**

16 A. Not necessarily. Although Eversource requires the ability to file a request to adjust the
17 Part 1 RRB rates more than once a year, there may not be a need to make interim Part 1

⁶ As discussed above, these Part 2 costs are primarily comprised of the above-market value of IPPs in addition to other costs associated with divested generation.

⁷ NHPUC No. 10 Terms and Conditions, Section 29, 2nd Revised Page 21A, 3rd Paragraph.

⁸ NHPUC No. 10-Electricity Delivery, Terms and Conditions, 1st Revised Page 21, Section 29, Stranded Cost Recovery Charge.

1 RRB rate changes. Therefore, the Company is proposing to revise its tariff to allow for
2 annual adjustments to all components of the SCRC for effect February 1, 2023 but to also
3 retain the ability for interim adjustments to the Part 1 RRB rates, as needed.

4 **Q. If approved by the Commission, going forward what changes have been made to the**
5 **SCRC filing attachments to accommodate an interim RRB rate change only, if**
6 **necessary?**

7 A. The Company has implemented a change from prior SCRC filings in Attachment
8 MBP-1 page 1, lines 6 to 8, whereby it now provides a break-out of the SCRC rate
9 between Part 1 and Part 2 costs. Eversource proposes going forward for any interim
10 RRB rate changes, the rate year forecast for the following February to January
11 period, as filed in December (Preliminary)/January (Updated with new Part 1 RRB
12 rates) of each year, would be adjusted to reflect any necessary change in Part 1 costs
13 on MBP-1 page 1, line 1, and the impacts of that change to lines 4, 6, 8, 10, 12, 14,
14 and 16. The forecast costs and rates for all other SCRC components would be
15 unchanged from the December/January filings.

16 **XI. CONCLUSION**

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

19 A. Yes, Eversource requires final approval of the SCRC, RGGI Refund, Ch. 340,
20 Environmental Remediation and Net Metering Cost rates by January 25, 2023, to
21 implement the new rates for service rendered on and after February 1, 2023.

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

2 **A.** Yes, it does.