

**Public Service Company of New Hampshire d/b/a Eversource Energy and
Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Docket No. DE 22-060**

**Date Request Received: December 19, 2023
Data Request No. CENH 3-002**

**Date of Response: January 12, 2024
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Request from: Clean Energy NH

Witness: Swift, Joseph R, Bennett, Colleen E

Request:

In the direct testimony of Clifton Below on behalf of the Community Power Coalition of New Hampshire (CPCNH), there is a section regarding "Accounting for Exports from the Grid," in which CPCNH discusses how Eversource could "change the load settlement process for all suppliers, including CEPS, and default service suppliers." Cf. page 15 of 32. In this section, there is reference to a "residual" calculation to balance between wholesale utility meter reads and retail meter reads, this discussion occurs or use settlement for each hour as an illustration.

- a. Can the Joint utilities explain how this settlement process and residual calculation referenced by CPCNH works? If the explanation is different by utility, please specify.
- b. If there is a socialized residual from these calculations, can the Joint Utilities or each utility explain how a residual crediting mechanism (+ or -) is applied? How frequency (e.g., hourly, daily, monthly, annually)?
- c. Can the Joint Utilities or each utility explain if DER customers see bill impacts that are positive or negative (from the customers perspective) as a result this residual crediting mechanism?
- d. Can the Joint Utilities or each utility explain if all ratepayers see bill impacts that are positive or negative (from the customers perspective) as a result of this residual crediting mechanism?
- e. Is it possible to resolve the bill impact benefit or negative impacts that this residual crediting mechanism creates just for NEM customers in this docket? Or would changes to the mechanism necessarily have to be holistic and therefor incorporate more stakeholders?
- f. CENH understands the CPCNH proposal for a residual crediting mechanism (+ or -) to be proposed for >100 kW NEM customer-generators.

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- i. Can the Joint Utilities confirm if they understand the CPCNH proposal similarly, and offer any analysis or thoughts, assuming the CPCNH residual crediting mechanism (+ or -) is not applied directly to <100 kW NEM customer-generators' accounts, on whether this proposal would impact <100 kW NEM customer-generators?

- g. Do the Joint Utilities or each utility have any estimates for costs to accomplish and implement a residual crediting mechanism as proposed by CPCNH?
 - i. If the Joint Utilities or each utility do not have cost estimates, can the joint utilities opine on whether the costs would be six figure or seven figure magnitude to implement?

Response:

- a. The residual includes the difference between the total customer consumption including line losses at the distribution meter and wholesale loads measured by the utility and ISO-NE at the transmission level, both on an hourly basis. The residual is a combination of several items. The first component is the delta between the statistically-developed rate class load profile estimates that approximate usage for customers within that class and the eventual calibration with actual customer hourly consumption. The second addition is the differences in estimated versus actual line losses; then unregistered distributed generation—which is not part of the wholesale market and therefore not captured or quantified as part of wholesale settlement—is added to the residual. There are additional ancillary differences that arise from meter precision and other variables, but these are de minimus factors. Currently, the residual is first compiled and then distributed to each supplier according to each supplier's percentage of the total utility profiled load. The CPCNH proposed modification to the load settlement process would change the order in which these calculations are done, by applying and deducting excess generation from unregistered customer-generators to the customers' suppliers' load obligation before the compilation of the residual. The residual would then still be compiled using all remaining factors and distributed to suppliers in the same manner. The only change is that excess generation of each customer-generator gets applied to the corresponding supplier first. This turns what is currently a one-step process into a three-step process: calculate the excess generation that is associated with each supplier; calculate supplier load obligation by subtracting excess generation, then apply the residual to that new resulting number for each supplier. The proposed modified calculation would shift some costs between load assets due to the assignment of customer exports to their suppliers, but

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overall ISO-NE Joint Utility hourly settlement totals would not and cannot change, and there is still a residual that gets allocated among the suppliers after the deduction of the exported unregistered energy from customer generators.

- b. The residual crediting mechanism (+ or -) is applied hourly to supplier loads based on their share of profiled loads during each hour. This would not change if the proposed calculation method were applied, as the residual will remain.
- c. The Joint Utilities do not have insight into the analytics that suppliers use to determine retail prices. Therefore, Eversource cannot determine what, if any, impact the residual calculation has on the retail rates that suppliers charge customers. This would be entirely up to the discretion of the suppliers to adjust what they charge to retail customers.
- d. -Based on 2022 PSNH settlements, the residual resulted in an average adjustment of -2.77 percent (credit) to load assets. As explained in (a) above, the -2.77 percent consists of several factors including estimated versus actual profiles and line loss assumptions, as well as unregistered generation. Eversource does not have insight into the analytics that suppliers use to determine retail prices and how the -2.77 percent adjustment to hourly loads are reflected in retail energy rates that suppliers charge. However, the residual will still exist, it will just be modified in the manner described in part a.

Liberty does not have the residual average adjustment available that Eversource has provided, but agrees that we do not have insight into the analytics suppliers use to determine retail prices and that the residual continues to exist.

- e. Deciding whether to adjust suppliers wholesale load obligation would necessarily impact any supplier that does business in New Hampshire, most if not all of which are not parties to this docket. Those entities that would be affected by this proposal should have an opportunity to intervene and participate fully in a docket. There could also be ISO-NE implications that accompany this proposal so the full extent of the entities affected isn't definitely known at this time.

Changes to existing settlement calculations, however minor, need to be transparent and should be vetted through a working group consisting of energy suppliers, the ISO New England Meter Reader Working Group, and possibly other New England state regulatory bodies. Any proposed revisions should be thoroughly studied and deemed appropriate prior to implementing. The CPCNH proposal, while technically feasible, is more complex and would require hourly quantification of all excess generation, and therefore, Eversource would

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need hourly metering and data collection systems for net metered customers or would need to develop statistically valid profiles for these customers. Beyond that, the proposal would require significant and costly modifications to the settlement system to allow for direct treatment of excess generation. Any modifications to settlement calculations should be transparent and vetted through the Working Group and stakeholder process just mentioned.

- f. Eversource (the Joint Utilities) understands the mechanics of the proposal. By not applying all attributable exports to suppliers, the change to the calculation of the residual is only a partial one, essentially leaving an element of the existing methodology in place. The proposed revisions would result in some minor cost shifting, because load settlement is a zero-sum game – ISO-NE has to receive the same payment no matter how it is distributed among suppliers. The proposed calculation would favor (give some credit to) load assets with higher amounts of excess generation; and would give less or no credit to load assets with lower amounts of excess generation, compared to current methodology which distributes all excess generation credit uniformly according to a supplier’s share of the total utility profiled load. Overall, it would result in no savings for Joint Utility wholesale customers (suppliers) in aggregate, because the same amount is paid to ISO-NE, once the residual has been distributed among the suppliers.
- g. There are no estimates of the costs to accomplish and implement the modified crediting mechanism and change to load settlement as proposed by CPCNH, but the Joint Utilities can safely say that the costs to implement would be substantial and would likely enter seven figures when considering necessary metering upgrades and settlement system upgrades. Liberty and Eversource use the same settlement calculations including the residual allocation methodology throughout their service territories, consistent with all of ISO-NE and also uses one load settlement system across all service territories in its enterprise, making any changes to it a complex and time-consuming undertaking.¹ It is unclear from which customers the proposal intends the costs of these changes be collected.

¹ Changes to the settlement process in New Hampshire could impact calculation processes used for settlement in other ISO-NE states outside of New Hampshire, which could cause confusion and operational complications for suppliers who do business across the Joint Utilities’ territories. It is also unclear what the position of the FERC-regulated ISO-NE would be toward New Hampshire settling load differently than the rest of the ISO-NE states.

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Docket No. DE 22-060

Date Request Received: December 19, 2023
Data Request No. CENH 3-001

Date of Response: January 12, 2024
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Request from: Clean Energy NH

Witness: Davis, Edward A.; Coskren, Dawn

Request:

In the direct testimony of Tim Woolf and Eric Borden of Synapse on behalf of the New Hampshire Office of Consumer Advocate (OCA), Mr. Woolf and Mr. Borden advocate for an hourly netting regime for NEM in New Hampshire and a proceeding to figure that regime out. Cf. Woolf and Borden testimony at p. 32.

- a. Is hourly netting feasible for each of the Joint Utilities given current utility systems? Can hourly netting be implemented at a nominal or negligible cost? Please suggest a rough cutoff for how the utility might define nominal or negligible cost.
- b. If hourly netting is not immediately feasible at nominal or negligible cost(s), please explain the utility hardware, software, firmware systems and processes that would require update or replacement to accomplish hourly netting for the Joint Utilities or each utility including but not limited to:
 - i. Customer meters
 - ii. Meter communications systems and relays
 - iii. Customer information storage database(s)
 - iv. Customer information data management and access system(s)
 - v. Customer data information sharing system(s) through either
 1. Customer service representatives, or
 2. Directly through customer data portals,
 3. Or otherwise (please explain)
 - vi. Load settlement system(s)
 - vii. Billing system(s)
 - viii. Other systems or hardware that would require updates or upgrades?
 - ix. If any of these systems or functions would require manual calculation and

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dedication of personnel beyond current assignments and functions to accomplish hourly netting, please explain.

- c. Does each utility have any estimated costs for performing the upgrades and updates address in question 1b?
 - i. If no specific estimated costs, do the Joint Utilities or each utility have any order of magnitude cost estimates for individual items explained in the answer to 1b (e.g., is each a six figure or seven figure upgrade or update)?
 1. Are there any estimate for accomplished those functions in 1b manually for NEM ratepayers in NH annual or over a multi-year period?
 - ii. Would the utility in its judgement plan any of these update(s) for purposes of the NEM tariff compliance?
- d. Does the utility have any information or data on the customer or system benefits of implementing the hourly netting proposal?

Response:

a.

The answer depends on what Mr. Woolf and Mr. Borden are seeking with hourly netting. If they are only seeking to apply what Eversource does with Large Commercial customers, which is instantaneous netting and involves using net consumed energy from one billing meter channel and net excess generation from another billing meter channel and apply that process to small commercial and residential customer generators, Eversource would not require interval meters. This scenario would be possible to implement with existing meters and supporting systems, and so Eversource could implement this version of hourly netting comparable to what Eversource does for Large Commercial customers through modifications to its C2 billing system.

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These changes would incur more than nominal costs, as changes to the C2 system are typically complex undertakings. Without having done an actual cost estimate, Eversource can provide an initial assumption that these costs, at an order of magnitude level, would be about six figures, likely mid to high six figures. However, regardless the approach to hourly netting, it is almost certain that some degree of manual intervention would have to be involved and would create ongoing, incremental costs additional to the implementation costs, which have not been estimated at this time. The degree of manual intervention would vary depending on the specifics of the approach to hourly netting (i.e. the need for interval meters, or not), but examples of the types of manual intervention that could be required are: manually tracking account data, creating custom reports to pull the relevant data and then regularly running those reports every billing cycle, and creating and using calculation sheets to manually calculate the net metering credits, if the crediting calculation function cannot be automated. These are examples of manual intervention efforts that are currently applied to the “instantaneous netting” that is done for the small group of Large Power Billing customer generators.

This scenario also assumes that the current compensation structure stays the same, because changes to the compensation structure would necessitate additional modifications to the Eversource billing systems. Any of these changes could not happen overnight and could take a minimum of several months and could take a year or more.

If, however, Messrs. Woolf and Borden are suggesting using hourly data to conduct hourly netting, hourly data would require interval meters, such as AMI technology. For Eversource, hourly net metering is currently not feasible with existing meter or billing systems, or existing AMR meters, which is what approximately 98% of Eversource customers have. Implementing hourly netting in this fashion cannot be done at a nominal or negligible cost, assuming the definition of nominal or negligible to be \$100,000 or less. Given the number of systems implicated, and the need for interval meter installation, the company can state with relative confidence that implementing hourly netting using interval data would be a nine-figure investment.

b.

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The systems that would likely need to be modified or replaced wholesale would be the following listed below, in italics. This is the company's best assumption at this time, without a granular proposal to assess.

- i. Customer meters – *yes, customers would need AMI/interval meters installed*
- ii. Meter communications systems and relays – *for interval time of use cellular meters, existing systems could be used, the meters themselves are just very expensive (approx. \$650 per meter, plus installation and setup – these also have a one-year lead time to obtain). However, to implement AMI, new meter systems able to interface with the new meters would need to be installed, as well as all accompanying software and reading equipment necessary for communication between meters and the corresponding systems. This would also likely entail wholesale replacement of all billing systems.*
- iii. Customer information storage database(s) – *without a more granular proposal it is unclear what would be needed to satisfy the data storage needs, but it would likely require either considerable changes to existing billing and meter systems to hold exponentially greater interval meter data, or new systems altogether. One factor that would influence this would be how many meters this would apply to for instance.*
- iv. Customer information data management and access system(s) – *the answer to this would likely parallel or depend upon the answer to iii. Above.*
- v. Customer data information sharing system(s) through either – *this element would depend on the proposal as well – it is not sufficiently clear what kind of customer contact, education, and service would be expected with hourly netting.*
 1. Customer service representatives, or
 2. Directly through customer data portals,
 3. Or otherwise (please explain)

c.

i. If the above were the scope of the changes required to implement hourly metering, which is Eversource's best assumption at this time, this would like be a nine-figure initial investment for Eversource, with additional incremental ongoing operation and maintenance costs. However, if the testimony is suggesting the first example discussed in this response

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(mimicking instantaneous netting like is done for Large Commercial Eversource customers), then the costs would likely be more in the range of mid to high six figures.

1. As previously discussed, the first option (instantaneous netting) could be implemented with a degree of manual intervention, using existing systems. If hourly netting would require interval data, the new systems described above would be a necessary condition precedent.

ii. If the question is asking if Eversource would recommend moving to hourly netting as a means of updating the current net metering tariff, in either scenario of hourly netting discussed above, this functionality needs further examination and analysis of a more granular and detailed proposal before the full scope of the needed investments can be determined. Eversource does not believe that compliance with the current NEM tariff requires hourly netting, and believes it is premature to attempt this update without knowing exactly what is being proposed to be implemented and a plan for execution of that implementation is fleshed out.

d.

Eversource is uncertain of any net customer or system benefits resulting from switching to hourly netting once accounting for the upfront investments and ongoing, incremental costs required to implement such an update. It is possible that moving to hourly netting would not result in commensurate system or customer benefits, as it is unknown if the costs to implement hourly netting would outweigh any possible benefits created by more accurate net meter crediting compensation as a result of hourly netting, as is posited in testimony by Messrs. Woolf and Borden.

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty

DE 22-060

Consideration of Changes to the Current Net Metering Tariff Structure, Including Compensation
of Customer-Generators

Clean Energy New Hampshire Data Requests - Set 3

Date Request Received: 12/19/23
Request No: CENH 3-1

Date of Response: 1/11/24
Respondent: Robert Garcia

REQUEST:

In the direct testimony of Tim Woolf and Eric Borden of Synapse on behalf of the New Hampshire Office of Consumer Advocate (OCA), Mr. Woolf and Mr. Borden advocate for an hourly netting regime for NEM in New Hampshire and a proceeding to figure that regime out. Cf. Woolf and Borden testimony at p. 32.

- a. Is hourly netting feasible for each of the Joint Utilities given current utility systems? Can hourly netting be implemented at a nominal or negligible cost? Please suggest a rough cutoff for how the utility might define nominal or negligible cost.
- b. If hourly netting is not immediately feasible at nominal or negligible cost(s), please explain the utility hardware, software, firmware systems and processes that would require update or replacement to accomplish hourly netting for the Joint Utilities or each utility including but not limited to:
 - i. Customer meters
 - ii. Meter communications systems and relays
 - iii. Customer information storage database(s)
 - iv. Customer information data management and access system(s)
 - v. Customer data information sharing system(s) through either
 1. Customer service representatives, or
 2. Directly through customer data portals,
 3. Or otherwise (please explain)
 - vi. Load settlement system(s)
 - vii. Billing system(s)
 - viii. Other systems or hardware that would require updates or upgrades?
 - ix. If any of these systems or functions would require manual calculation and dedication of personnel beyond current assignments and functions to accomplish hourly netting, please explain.
- c. Does each utility have any estimated costs for performing the upgrades and updates address in question 1b?
 1. If no specific estimated costs, do the Joint Utilities or each utility

have any order of magnitude cost estimates for individual items explained in the answer to 1b (e.g., is each a six figure or seven figure upgrade or update)?

- i. Are there any estimate for accomplished those functions in 1b manually for NEM ratepayers in NH annual or over a multi-year period?
 - ii. Would the utility in its judgement plan any of these update(s) for purposes of the NEM tariff compliance?
- d. Does the utility have any information or data on the customer or system benefits of implementing the hourly netting proposal?

RESPONSE:

- a. Liberty's current metering cannot accomplish this. AMR meters do not collect data hourly. Liberty will need to install AMI metering for all customers to accomplish this feat. As for the billing system, assuming Liberty has AMI, the current billing system would need upgrades to integrate hourly interval netting. The costs and timeline to implement are not known at this time.
- b. Please see the information provided below:
 - i. Requires AMI – see response to part a.
 - ii. Requires AMI and all backend software/hardware necessary to have meter communications and relays function accordingly
 - iii. Requires AMI and all backend software/hardware necessary
 - iv. Requires AMI and all backend software/hardware necessary
 - v. This question is unclear as to what the parties are referring, nonetheless any information to be shared about hourly netting will require AMI as provided in part a.
 - vi. See Joint Utilities responses to CENH 3-002 and CENH 3-003
 - vii. Requires AMI – see response to part a.
 - viii. Requires AMI – see response to all sections above
 - ix. Requires AMI – see response to part a.
- c. Liberty does not have costs at this time, though estimated costs for AMI implementation is provided in Docket No. DE 23-039.
- d. Liberty does not have benefits at this time, though assumed benefits for AMI implementation is provided in Docket No. DE 23-039.

New Hampshire Customer-Generator Application Fee Proposal

The Joint Utilities propose to collect standard, graduated fees for all applications to interconnect by customer-generators. Fees collected by the Utilities will offset the general administrative costs incurred for personnel, systems and services that support the review and processing of applications to interconnect and administration of the net metering credit program.

1. **Fee Amounts:** The following proposed fees by project size are consistent with interconnection application fees assessed by electric distribution companies in other New England states and represent a very small percentage of anticipated overall project costs:

Generating Capacity (AC)	Application Fee
Up to 30 kW	\$200
Greater than 30 kW, up to 100 kW	\$500
Greater than 100 kW	\$1,000

2. **Eligible Administrative Expenses:** Revenues collected from application fees will offset utility costs for staff, services and systems that are required to efficiently process customer-generator applications to interconnect consistent with Puc 900 and other applicable rules and tariffs for electric service. This processing of applications begins with the initial acceptance and review of interconnection applications and extends through issuance of permission to operate and billing account creation for a customer-generator. Utility resources are required to review application materials, communicate with customer-generators and renewable energy installers, track progress through applicable process milestones and ensure required information is recorded into utility systems. General administrative resources that utilities propose to fund through application fees include the following categories:

Category	Description
Labor	Utility employees or contracted staff in positions that directly support the processing of applications to interconnect by customer-generators. Includes staff assigned to departments dedicated to support of customer-generators and proportional costs of staff assigned to other departments with documented responsibilities in support of customer-generator interconnection. Includes labor costs inclusive of benefit loaders and employee expenses
Outside Services	Vendors that provide specialized services and/or technology solutions to support utility interconnection processes. Includes consulting services and license fees
Information Systems	Information technology solutions that support utility interconnection processes. Amounts expected to be included as outside service costs

The Joint Utilities have already incurred costs within some or all of the above categories. These amounts, including those incurred in the test year applied in each company's most recent base rate proceeding, are summarized in appendices to this proposal. These costs have or are expected to grow as the Joint Utilities expand resources to efficiently process an increasing number of applications to interconnect by customer-generators.

3. **Excluded Costs:** Proposed application fees will not offset costs associated with evaluation of individual projects through Pre-Application Reviews conducted pursuant to Puc 904.01, Studies and Analysis conducted pursuant to Puc 905.06, or Upgrades or Improvements to the Electric Distribution System identified pursuant to Puc 905.07. Since there is no overlap among these various fees, the aforementioned costs will continue to be funded by individual Customer-Generators through Pre-Application fees, Supplemental Review Fees and payments for Upgrades or Improvements. Customer-Generators shall not be assessed any Supplemental Review Fees to cover general administrative costs funded through application fees.
4. **Annual Reconciliation:** The Joint Utilities propose that an annual report and reconciliation of application fees take place in each Company's annual Stranded Cost Recovery Charge ("SCRC") filing. Each utility shall provide a comparison of application fee revenues collected to actual general administrative costs incurred to support the review and processing of applications to interconnect. Revenues collected to support general administrative costs shall include total application fees collected in the prior year as well as costs for review and processing of applications to interconnect included in operations and maintenance expense of the test year applied in each Company's most recent base rate proceeding. Revenues and general administrative costs shall not include amounts associated with individual projects for Pre-Application, Supplemental Review or Upgrades and Improvements.

If revenues collected to support general administrative costs exceed actual general administrative costs in any year, the excess amount shall be credited to customers through the SCRC. The Utilities shall not include any deficiency in revenues from the combination of base rate revenues and application fees to support general administrative costs in amounts for recovery through the SCRC without prior authorization by the Commission. However, the Commission may approve changes to fee amounts in any Companies SCRC filing to achieve better alignment of revenues and administrative expenses in future years.

Each Company shall be responsible for reasonably demonstrating, within each annual SCRC filing, that administrative costs were incurred directly in support of the interconnection processes for customer-generators.

5. **Performance Reporting:** The Joint Utilities propose to provide quarterly reports that includes application processing metrics and narrative descriptions of how each Utility is managing interconnection processes to streamline and expedite the experience of customer-generators. Proposed reports will be sufficiently detailed to assess whether the fees are

having the intended effect and support opportunities for the DOE, Joint Utilities and stakeholders to meet and discuss process improvements or adjustments to the fees.

Interconnection Application Fee Proposal
Eversource Illustrative Calculations

<u>Line</u>	<u>Project Size</u>	<u>Application Volume</u>	<u>Potential Fee</u>	<u>Revenue</u>	<u>Description</u>
1	< 30 kW	4,115	\$ 200	\$ 823,000	
2	30 - 100 kW	22	\$ 500	\$ 11,000	
3	> 100 kW	20	\$ 1,000	\$ 20,000	
4					
5	<u>Total Revenue</u>				
6	Application fees		\$ 854,000		Sum of Line 1 to Line 3
7	Distribution rates		\$ 353,027		Page 2, Line 5
8		Total	\$ 1,207,027		Line 6 + Line 7
9					
10	Annual interconnection admin costs		\$ 1,155,652		
11					
12	Amount to be Credited/(Surcharged) to Customers through SCRC ¹		\$ 51,376		Line 8 - Line 10

¹ Subject to PUC approval

Interconnection Application Fee Proposal
Eversource Administrative Costs

<u>Line</u>		2018	2023	Projected
1	Employee Labor	351,161	563,892	863,892
2	Employee Expenses	1,866	1,523	1,500
3	Contractor Labor	-	70,130	140,259
4	Outside Services	-	-	150,000
5	Total	353,027	635,544	1,155,652

Interconnection Application Fee Proposal
Liberty Illustrative Calculations

<u>Line</u>	<u>Project Size</u>	<u>2023 Application Volume</u>	<u>Potential Fee</u>	<u>Revenue</u>	<u>Description</u>
1	< 30 kW	613	\$ 200	\$ 122,600	
2	30 - 100 kW	5	\$ 500	\$ 2,500	
3	> 100 kW	10	\$ 1,000	\$ 10,000	
4					
5	<u>Total Revenue</u>				
6	Application fees			\$ 135,100	Sum of Line 1 to Line 3
7	Distribution rates ¹			<u>\$ 118,005</u>	
8		Total		<u>\$ 253,105</u>	Line 6 + Line 7
9					
10	Annual interconnection admin costs ²			\$ 236,010	
11					
12	Amount to be Credited/(Surcharged) to Customers through SCRC			\$ 17,095	Line 8 - Line 10

¹ One fully loaded FTE which includes the burdens

² Based on the uptick of the applications, Liberty will utilize the fee revenue to retain a second FTE