

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire d/b/a Eversource Energy

Petition for Adjustment to Stranded Cost Recovery Charge

Docket No DE 23-091

Technical Statement of Yi-An Chen, Bryant K. Robinson, and Scott R. Anderson

August 5, 2024

Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or the “Company”) hereby submits this Technical Statement in response to the Commission’s *Procedural Order Re: Scheduling of Consolidated Hearing on August 14, 2024*, issued on June 14, 2024 (the “Procedural Order”).

In the Procedural Order, the Commission indicated that it had scheduled the August 14th hearing in part to assess “whether certain elements of the Eversource [Stranded Cost Recovery Charge (“SCRC”)] Tariff should be sun-setted by the end of the current SCRC rate year (i.e., by January 31, 2025, or possibly before) as a consequence of the termination of the Burgess Plant [Power Purchase Agreement (“PPA”)], and how a final Burgess-Plant-related reconciliation for the SCRC can be timely effectuated in advance of Eversource's next SCRC filing, expected in December 2024.”

This Technical Statement is submitted in order to provide the Commission with a revised set of rate schedules and related supporting information that illustrates a potential early sun-setting alternative for the Burgess PPA-related costs recovered through the SCRC. The Company makes this submission purely for informational purposes and is not proposing any change to the SCRC rates currently in effect.

1. Burgess PPA Costs Recovered Through the SCRC

The Company recovers above-market costs of the Burgess PPA through the SCRC reconciling rate mechanism. As a result of the termination of the Burgess PPA, pursuant to court orders issued in the Burgess bankruptcy proceedings,¹ all expenses and revenues related to the Burgess PPA are now known.

¹ As described in the bankruptcy update filing submitted on February 29, 2024, on February 21, the bankruptcy court granted the Burgess parties’ motion to reject the PPA and the related option agreement, and Eversource and the debtors subsequently entered into a settlement agreement specifying the termination date of the PPA and the transition of the Lead Market Participant function from the Company to a Burgess affiliate; the Court approved the settlement agreement on February 27, 2024.

The calculation of the Burgess PPA over-market costs is shown in Attachments YC/EAD-1, YC/EAD-2, and YC/EAD-3, Page 6, lines 1 to 8. The Burgess over-market energy costs are shown in Attachments YC/EAD-1, YC/EAD-2, and YC/EAD-3, Page 6, lines 16 to 21, and are recovered in the Ch. 340 Adder rate as shown in Attachments YC/EAD-7, YC/EAD-8, and YC/EAD-9. Because the current SCRC rate was set based on a combination of actual and forecasted costs and revenues, based on assumptions regarding Burgess plant energy output and market prices, as well as forecasted retail MWh sales, the Ch. 340 adder costs must be reconciled in future SCRC rate filings.

The Burgess PPA costs to be recovered include the amount of the power purchase and renewable energy certificate (“REC”) prices paid to the Burgess plant owner under the PPA, net of amounts received from the ISO New England wholesale markets and REC market prices, and net also of amounts recouped by the Company under the PPA terms through February 8, 2024, following the end of the legislative suspension period. In addition, the costs include the amount paid by the Company to Burgess for (i) energy and capacity purchased for the “post-petition” period (February 9, 2024 to February 29, 2024) and, (ii) pursuant to the approved settlement agreement entered into in connection with the Court’s granting of the Debtors’ motion to reject the PPA as an executory contract under the Bankruptcy Code, an amount of \$1,129,153.

Finally, the costs to be recovered also include the legal fees incurred to date by Eversource related to engagement of outside counsel to represent the Company in the bankruptcy proceedings in Delaware,² in the total amount of \$635,522.

2. Commission-Requested Illustrative Adjustment of SCRC Rate to Zero Out Burgess PPA Costs by 1/31/25

Consistent with the Commission’s directive in the Procedural Order, the Company has prepared Attachment Illustrative_SCRC Rate_9-1-24 Interim that shows an illustrative adjustment of the SCRC rate intended to zero out (i.e., “sunset”) the Burgess PPA-related costs as of the end of the current SCRC rate period on January 31, 2025. Those detailed calculations are shown in YC/SRA-1 at page 6, and YC/SRA-2 at page 6. With respect to the line item for “Burgess CRF Reduction” appearing in YC/SRA-1, at page 6, line 20, details relevant to the related calculations, including the final settlement payment and bankruptcy legal costs to date, are shown in Attachment Burgess CRF Reduction Details.

As illustrated through those calculations, adjusting the current SCRC rate in an effort to reduce the Burgess PPA-related costs to zero before the next SCRC rate period beginning on February 1, 2025 would result in an increase of 0.391¢/kWh (or 32%) in the SCRC rate on average from the current SCRC rate. That increase is due to necessary changes in the underlying assumptions regarding the revenues and expenses related to the Burgess PPA.

For example, the current SCRC rate calculations assumed that (1) the Burgess plant would continue to operate and the Company would continue to purchase its power output under the terms of the PPA, while recognizing off-setting revenues from ISO New England market

² Debtors Burgess BioPower, LLC’s and Berlin Station, LLC’s bankruptcy cases are being jointly administered in the Bankruptcy Court, styled as *In re Burgess BioPower, LLC, et al.*, Case No. 24-10235 (LSS) (Bankr. D. Del.).

settlements, and (2) the Company would net out payments for Energy and Capacity under the PPA to recover a portion of the Excess Cumulative Reduction (“ECR”), subject to the applicable limitations under the PPA terms and conditions. In both cases, however, actual revenues or recoupment amounts that would have reduced the costs to be recovered from customers through the SCRC are less than estimated due to the court-ordered termination of the Burgess PPA.

The illustrative SCRC rate, as recalculated by the Company, would result in customer bill impacts as depicted in Attachment Illustrative_SCRC Rate_9-1-24 Interim at YC/SRA-11 at page 4, which provides comparisons of adjusted SCRC rates implemented as of September 1, 2024 to the current SCRC rates effective February 1, 2024. The impact to a 600 kWh Rate R customer of the adjusted SCRC rate would be an increase of \$3.68, or 2.9%, to the total customer bill.

3. Illustrative Adjustment of 2/1/25 SCRC Rate with No Interim Adjustment

The Company has also estimated the illustrative adjustment to the SCRC rate that would be implemented as of February 1, 2025 if there is no interim adjustment in the SCRC rate (see Attachment Illustrative_SCRC Rate_2-1-25).

4. Conclusion

Based on the Commission’s request for information, Eversource has provided this Technical Statement and supporting attachments in order to illustrate the potential impacts of an interim adjustment to the SCRC rate intended to zero out the Burgess PPA-related costs at the end of the current SCRC rate period on January 31, 2025. The Company will be prepared to answer questions regarding these illustrative rate calculations and potential impacts during the hearing scheduled in this docket for August 14, 2024.