

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 10-261

**In the Matter of:
Public Service Company of New Hampshire
Least Cost Integrated Resource Plan**

Supplemental Testimony

of

**George R. McCluskey &
Edward C. Arnold**

October 12, 2011

1 profitability of the region's generators.¹ We also noted that at the time of writing
2 we did not have access to the results of the CRA analysis. For this reason, we
3 stated our intent to supplement the direct testimony if the Newington-related
4 results of the CRA analysis became available. Because that information has now
5 been made public, this supplemental testimony compares the energy net revenue
6 estimates developed by Levitan & Associates, Inc. (LAI) with those developed by
7 CRA.

8
9 Q. WHEN DID THE RESULTS OF THE CRA ANALYSIS BECOME
10 AVAILABLE?

11 A. The results of the CRA analysis were the subject of a discovery request and a
12 motion to compel, both filed by TransCanada. In an order issued August 30,
13 2011, the Commission granted TransCanada's motion to compel and directed
14 PSNH to produce the requested information absent a motion for confidential
15 treatment. See Order No. 25,263. On September 29, 2011, PSNH provided the
16 requested information to all parties in the proceeding.

17
18 **II RESULTS OF CRA ANALYSIS**

19 Q. WHAT INFORMATION DID PSNH PROVIDE?

20 A. PSNH provided data on annual generation costs, revenues, and margins for
21 Newington with and without the Northern Pass Transmission Line (Northern
22 Pass). Unlike LAI's Continued Unit Operations (CUO) study, which covered the

¹ Northeast Utilities is the parent of PSNH and the developer, along with NSTAR, of the Northern Pass transmission project.

1 ten year period 2011 through 2020, the CRA analysis covers the ten year period
2 2015 through 2024 but only provides data for the years 2015, 2016, 2018, 2021
3 and 2024. The actual data is included in PSNH's supplemental response to
4 TransCanada 3-2, which is attached to this testimony as Staff Suppl. Exhibit-1.

5
6 Q. HAVE YOU COMPARED THE RESULTS OF THE CRA ANALYSIS WITH
7 THE RESULTS OF THE LAI ANALYSIS?

8 A. Yes. Using linear interpolation to estimate values for missing years, we created a
9 ten-year data series (similar to the LAI series) from the five years of data provided
10 by PSNH. Based on this data series, the CRA analysis indicates an NPV of
11 energy net revenue of \$2.19 million without Northern Pass and \$338,000 with
12 Northern Pass.² The \$2.19 million value compares roughly with the \$39 million
13 value included in LAI's revised filing, which also assumes no Northern Pass.³
14 These data clearly indicate that the going forward value of the plant is lower
15 under CRA's view of the future than under LAI's view. The data also confirm
16 that the Northern Pass transmission line, if completed, will adversely affect the
17 plant's market value.

18
19 Q. DOES THAT CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?

20 A. Yes.

² While both values are expressed in 2011 NPV terms, they relate to different but overlapping ten-year periods.

³ It also compares with the \$5 million estimate that resulted from re-running the model to eliminate additional modeling errors. See Table 1 at page 22 of Direct Testimony.