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

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2 3 4 5	STATE OF NEW HAMPSHIRE BEFORE THE PUBLIC UTILITIES COMMISSION				
6 7 8	Public Service Company of New Hampshire) PSNH Least Cost Integrated Resource Plan) Docket No. DE 10-261				
9					
10 11 12 13	SUPPLEMENTAL TESTIMONY OF GEORGE R. McCLUSKEY EDWARD C. ARNOLD				
14					
15	I.	INTRODUCTION			
16	Q.	PLEASE STATE YOUR NAMES AND BUSINESS ADDRESSES.			
17	A.	My name is George McCluskey and my business address is the New Hampshire			
18		Public Utilities Commission ("Commission"), 21 South Fruit Street, Suite 10			
19		Concord, NH 03301.			
20		My name is Edward Arnold and my business address is Jacobs Consultancy, Inc			
21		("Jacobs"), 525 West Monroe, Suite 1350, Chicago, Illinois, 60661.			
22		AND ALCOHOLD DED MOLLAND AND ADMOLD FILE IODIT DIDECT			
23	Q.	MR. McCLUSKEY, DID YOU AND MR. ARNOLD FILE JOINT DIRECT			
24	٨	TESTIMONY IN THIS DOCKET ON JULY 27, 2011?			
25 26	A.	Yes, we did.			
20 27	Q.	MR. McCLUSKEY, WHAT IS THE PURPOSE OF YOUR JOINT			
 28	۷.	SUPPLEMENTAL TESTIMONY IN THIS PROCEEDING?			
29	A.	In our direct testimony, we noted that Charles River Associates (CRA) had been			
30		hired by Northeast Utilities to analyze the impact of the proposed Northern Pass			
31		transmission line on ISO-NE electricity markets including its impact on the			

1		profitability of the region's generators. 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		

II RESULTS OF CRA ANALYSIS

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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.