

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY
PREPARED TESTIMONY OF CHRISTOPHER J. GOULDING
2015 DEFAULT ENERGY SERVICE RATE CHANGE
MID-TERM ADJUSTMENT EFFECTIVE JULY 1, 2015
Docket No. DE 14-235

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

2 A. My name is Christopher J. Goulding. My business address is 780 North Commercial Street,
3 Manchester, NH. I am employed by Eversource Energy as the Manager of New Hampshire
4 Revenue Requirements and in that position I provide service to Public Service Company of
5 New Hampshire d/b/a Eversource Energy (“Eversource”).

6 **Q. Have you previously testified before the Commission?**

7 A. Yes, I have.

8 **Q. Please describe your educational background.**

9 A. I graduated from Northeastern University in Boston, MA in 2000 with a Bachelor of Science
10 in Business Administration with a concentration in Accounting and from Boston College in
11 Chestnut Hill, MA in 2009 with a Master’s in Business Administration.

12 **Q. Please describe your professional experience.**

13 A. Upon graduation from Northeastern University, I was hired by Eversource affiliate, NSTAR
14 Electric & Gas Company, and have held various positions in Accounting, Corporate Finance

1 and Regulatory with increasing responsibility through my current position as Manager of New
2 Hampshire Revenue Requirements.

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

4 A. I am currently responsible for the coordination and implementation of revenue requirements
5 calculations for Eversource, as well as the filings associated with Eversource's Energy Service
6 ("ES") rate, Stranded Cost Recovery Charge ("SCRC"), Transmission Cost Adjustment
7 Mechanism ("TCAM"), and Alternate Default Energy rate.

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

9 A. The purpose of my testimony is to provide a detailed overview of Eversource's request for a
10 mid-term adjustment to decrease the current Default Energy Service (ES) rate effective on
11 July 1, 2015.

12 **Q. What is Eversource requesting in this proceeding?**

13 A. In this proceeding, Eversource is requesting the Commission approve a mid-term adjustment
14 to the non-Scrubber portion of the ES rate for all customers effective July 1, 2015. This rate
15 adjustment would decrease the current ES non-Scrubber rate from 9.58 cents per kWh to 7.96
16 cents per kWh, based on actual results through March 2015 and the most current forecast of
17 Eversource's costs of providing such power for the remainder of 2015. These updates indicate
18 that Eversource would over-recover its ES costs as of December 31, 2015 absent a change to
19 the rate. In addition, the temporary Scrubber rate of 0.98 cents per kWh approved in Docket
20 No. DE 11-250 would continue unchanged resulting in the total ES rate changing from the
21 current 10.56 cents per kWh to 8.94 cents per kWh. Eversource is proposing the ES rate
22 change to take effect July 1, 2015 consistent with its concurrent proposal to change the SCRC.

1 In addition, in early June 2015, Eversource will file its proposal to change the Transmission
2 Cost Adjustment Mechanism (TCAM) effective July 1, 2015 and will also file updated ES and
3 SCRC rates. The detailed calculations supporting the proposed ES rate can be found in
4 Attachments CJG-1 and CJG-2 to this testimony.

5 **Q. What caused the projected ES over-recovery?**

6 A. The primary causes of the projected ES over-recovery are lower actual and forecasted
7 migration levels and lower actual and forecasted market prices compared to their respective
8 forecasted amounts included in the December filing, along with RPS costs lower than
9 forecasted in December due to regulatory changes to the RPS requirements.

10 **Q. Please provide the historic and current ES rates.**

11 A. The table below outlines ES rates in effect from May 1, 2001 to the present for residential,
12 small general service customers and large commercial and industrial customers.

Date of Service

May 2001 - January 2003	(a) 4.40 cents per kWh
February 2003 - January 2004	(b) 4.60/4.67
February 2004 - July 2004	5.36
August 2004 - January 2005	5.79
February 2005 - July 2005	6.49
August 2005 - January 2006	7.24
February 2006 - June 2006	9.13
July 2006 - December 2006	8.18
January 2007 - June 2007	8.59
July 2007 - December 2007	7.83
January 2008 – June 2008	8.82
July 2008 – December 2008	9.57
January 2009 – July 2009	9.92
August 2009 – December 2009	9.03
January 2010 – June 2010	8.96
July 2010 – December 2010	8.78
January 2011 – June 2011	8.67
July 2011 – December 2011	8.89
January 2012 – April 15, 2012	8.31
April 16, 2012 – June 2012	(c) 8.75
July 2012 – December 2012	(c) 7.11
January 2013 – June 2013	(c) 9.54
July 2013 – December 2013	(c) 8.99
January 2014 – June 2014	(c) 9.23
July 2014 – December 2014	(c) 9.87
January 2015 – June 2015	(c) 10.56

(a) Set by statute for all retail customers.
(b) Small C&I and residential rate set by statute (4.60 cents).
Large C&I rate set on forecasted costs (4.67 cents).
(c) This rate includes 0.98 cents per kWh for Merrimack Scrubber costs approved in the temporary rates Order 25,346 in Docket No. DE 11-250.

1 Initially, Energy Service rates were set by statute. Beginning in February 2003, the Energy
2 Service rate for large commercial and industrial customers was based on Eversource's forecast
3 of "actual, prudent and reasonable costs" (4.67 cents). Beginning in February 2004, the

1 Energy Service rate for all retail customers was based on a forecast of Eversource's "actual,
2 prudent and reasonable costs."

3 **Q. Please provide an overview of how the Energy Service cost recovery mechanism works.**

4 A. Eversource recovers the cost of supplying energy to customers who choose to receive energy
5 from Eversource through the ES rate. The ES rate is forecasted and reconciled once actual
6 costs are known. ES reconciliation amounts are deferred and applied to future ES rate
7 recoveries per the Commission's order and findings in Docket No. DE 05-164, Order No.
8 24,579, dated January 20, 2006.

9 **Q. When will Eversource provide an update to the proposed ES rate?**

10 A. The values in this filing will be updated in about five weeks to reflect actual results for April
11 2015. In addition, if there are any other significant changes, such as in the forecasted forward
12 market prices or customer migration, Eversource will update its rate to account for those
13 changes.

14 **Q. Are the costs that Eversource has included in this ES rate filing consistent with the past**
15 **ES filings?**

16 A. Yes. ES costs contain the generation asset revenue requirements, entitlements and purchased
17 power obligations, including the cost of fuel used in generation. In addition, ES costs include
18 the costs and revenues from market purchases and sales, ISO-NE expenses and revenues, RPS,
19 RGGI, and IPP power values at market prices. Finally, ES costs include non-fuel operation
20 and maintenance costs (O&M), depreciation, property taxes and payroll taxes, uncollectible
21 costs attributable to ES, and a return on the net generation investment. All of these costs

1 exclude any impact of the Merrimack Scrubber costs which are being recovered as temporary
2 rates pursuant to Order No. 25,346 in Docket No. DE 11-250.

3 **Q. Please discuss the level of migration assumed in this filing.**

4 A. The level of migration assumed in Eversource's filing is 49.5%, which is lower than the
5 53.7% used to set the 2015 rate in December 2014. This value represents the average
6 forecasted current migration level on Eversource's system for April through December 2015.

7 **Q. How are Eversource's mandated purchased power obligations (IPPs) valued in**
8 **calculating the ES rate?**

9 A. Eversource includes IPP generation as a source of power to meet Eversource's load
10 requirements, and that power is valued based on projected market costs (energy and capacity).
11 The over-market portion of purchases from the IPPs are treated as a stranded cost and
12 recovered through the Stranded Cost Recovery Charge. This treatment is consistent with the
13 Restructuring Settlement and the Commission's Order in Docket No. DE 02-166. As market
14 prices decrease, the ES costs decrease and there is a corresponding increase to the SCRC rate
15 for the same time period. As market prices increase, the ES costs increase and there is a
16 corresponding decrease to the SCRC rate for the same time period. To properly match the
17 recovery of IPP costs, Eversource will also concurrently file for a change in the SCRC rate
18 effective July 1, 2015.

19 **Q. Please describe the detailed support for the calculation of the ES rate.**

20 A. Attachment CJG-2 provides detailed cost and revenue components relating to Eversource's
21 generating costs, and also provides a breakdown of market purchases and sales. Page 3 of the
22 attachment provides further detail relating to the Eversource generation and purchased power

1 for the period January 1, 2015 through December 31, 2015. Page 4 provides further detail on
2 the forecasted market value of IPP generation. Page 5 provides a breakdown of Fossil/Hydro
3 Operation and Maintenance costs and Page 6 provides a detailed calculation of the return on
4 Fossil/Hydro investment.

5 **Q. Please describe the inclusion of Winter Reliability Program revenues and costs included**
6 **in the calculation of the ES rate?**

7 A. The revenues and costs associated with the Winter Reliability Program are included in Line 15
8 ISO-NE Ancillary on CJG-2, page 1. These amounts are preliminary, as adjustments and true-
9 ups may occur in future months. The preliminary revenues of \$4.0 million and preliminary
10 costs of \$2.2 million are included in the ES rate calculation.

11 **Q. Does the Commission need to make a determination at this time of the prudence of the**
12 **costs incurred since January 1, 2015?**

13 A. No. Prudence will be addressed in the Energy Service Charge reconciliation which has
14 traditionally been filed in early May following the calendar year when those costs were
15 incurred and collected.

16 **Q. Does Eversource propose to implement the new Energy Service rate on a service-**
17 **rendered basis?**

18 A. Yes, consistent with the practice for similar past adjustments.

19 **Q. Does Eversource require Commission approval of this rate by a specific date?**

20 A. Yes. Due to the number of rate components that will change, Eversource requests approval of
21 the proposed ES rate by Friday, June 26 to allow sufficient time to test thoroughly and bill on
22 our regular schedule without delaying billing for service rendered as of July 1, 2015 (a

1 Wednesday). Therefore, Eversource requests that the Commission reopen this proceeding so
2 that the procedural schedule can be set to review this filing and approve the ES rate in a timely
3 manner.

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

5 **A. Yes, it does.**