

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
MID-TERM ADJUSTMENT EFFECTIVE JULY 1, 2015
2015 STRANDED COST RECOVERY CHARGE
RATE CHANGE
Docket No. DE 14-236

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
2 New 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
6 Service ("ES") rate, Stranded Cost Recovery Charge ("SCRC"), Transmission Cost
7 Adjustment 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 average SCRC rate effective on July 1, 2015, and to
11 provide a detailed overview of Eversource's request for a mid-term adjustment to decrease
12 the Regional Greenhouse Gas Initiative ("RGGI") adder rate effective July 1, 2015.

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

14 A. In this proceeding, Eversource is requesting that the Commission approve a mid-term
15 adjustment to the average SCRC rate for all customers effective July 1, 2015. This
16 adjustment, as calculated today and consistent with the concurrent ES rate filing, results in an
17 increase of 0.071¢/kWh to the current average SCRC rate of 0.223¢/kWh resulting in a
18 preliminary average SCRC rate of 0.294¢/kWh for effect from July 1 through December 31,
19 2015. This preliminary average SCRC rate is based on actual results through March 2015
20 and an updated forecast for the remainder of 2015. In June 2015, Eversource will file its
21 proposal to change the TCAM effective July 1, 2015 and will also file updated SCRC and ES
22 rates.

1 **Q. Please describe the components of the SCRC and their impact on this rate request.**

2 A. The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F and
3 369-B. The PSNH Restructuring Settlement, approved in Order No. 23,549, defined PSNH's
4 stranded costs and categorized them into three different parts (i.e., Parts 1, 2 and 3). The Part
5 1 costs were composed of the RRB Charge which was calculated to recover the principal, net
6 interest, and fees related to Rate Reduction Bonds. The Part 1 costs were fully amortized in
7 May 2013, and the final disposition of the remaining funds relating to the bonds is under
8 review in Docket No. DE 14-120. Part 2 costs are "ongoing" stranded costs consisting
9 primarily of the over-market value of energy purchased from independent power producers
10 ("IPPs") and the amortization of payments previously made for IPP buy-downs and buy-outs
11 as approved by the Commission. In addition, the SCRC has a return component, consisting
12 primarily of the stipulated return on deferred taxes related to securitized stranded costs. The
13 return is a benefit to customers which reduces the overall SCRC level. Part 3 costs, which
14 were primarily the amortization of non-securitized stranded costs, were recovered fully in
15 June 2006. Pursuant to Order No. 25,742 issued in Docket No. DE 14-236, Eversource is
16 currently billing an average SCRC rate of 0.223¢/kWh which was made effective for the
17 period January 1, 2015 through December 31, 2015.

18 **Q. Please describe the detailed support for the calculation of the average SCRC rate**
19 **provided in Attachment CJG-1.**

20 A. Attachment CJG-1, pages 1-3, provides a summary of 2015 cost information related to Part 2
21 costs. Pages 6 through 7 provide the detailed cost information by month related to Part 2
22 costs.

1 **Q. How are Eversource's mandated purchased power obligations from IPPs valued in the**
2 **SCRC?**

3 A. The over-market portion of purchases from the IPPs is considered to be a stranded cost and is
4 recovered through the SCRC. The market value of the IPP purchases is reflected in the ES
5 rate, which Eversource is proposing to increase on July 1, 2015 in a concurrent filing made
6 under separate cover. This treatment is consistent with the Restructuring Settlement and the
7 Commission's Order in Docket No. DE 02-166.

8 **Q. Describe what has transpired during the SCRC period beginning January 1, 2015 that**
9 **resulted in your request to increase the average rate level.**

10 A. The current average SCRC rate of 0.223¢/kWh became effective January 1, 2015 for the
11 twelve-month period January through December 2015. The primary reason for the
12 recommended increase in the rate to 0.294¢/kWh is primarily due to higher actual above
13 market IPP cost November 2014 through March 2015 as well as higher forecasted above
14 market IPP cost for the months of April 2015 through December 2015, as compared to their
15 respective forecasted amounts in the December 15, 2014 rate filing.

16 **Q. Does Eversource still anticipate receiving any Department of Energy litigation Phase 1**
17 **refunds in 2015?**

18 A. Yes, a credit to customers of \$1.0 million is included in the filing to reflect the third
19 installment of Eversource's portion of refunds resulting from FERC settlements regarding
20 treatment of litigation proceeds between the Department of Energy and Maine Yankee. The
21 refund is expected to be provided to Eversource in a lump sum in the second half of 2015.

1 **Q. When will Eversource provide an update to the proposed average SCRC rate?**

2 A. The filing will be updated in about 5 weeks to reflect actual results for April 2015 and for any
3 other significant changes.

4 **Q. Please describe the detailed support for the calculation of the RGGI rate provided in**
5 **Attachment CJG-2.**

6 A. In Order No. 25,664 in Docket No. DE 14-048, and pursuant to RSA 125-O:23, II, the
7 Commission ordered that certain proceeds from the quarterly RGGI auctions be rebated to
8 Eversource's customers through the SCRC. Attachment CJG-2, pages 1 through 3, provides
9 a summary of 2015 cost information related to RGGI auctions and the amounts allocated to
10 Eversource for refund.

11 **Q. Is Eversource currently proposing a specific RGGI rate at this time?**

12 A. No it is not. Attachment CJG-2 provides a preliminary rate calculation; however, prior to the
13 anticipated hearing in June 2015, Eversource plans to update the RGGI rate calculation for
14 additional 2015 data. The preliminary 2015 RGGI rate provided in this filing is (0.123) cents
15 per kWh and is 0.010 cents per kWh lower than the current 2015 RGGI rate of (0.113) cents
16 per kWh.

17 **Q. How did Eversource incorporate the RGGI refund into the SCRC?**

18 A. Eversource first calculated the SCRC rate excluding the rebate in a manner consistent with
19 past filings, by adjusting all of the current SCRC rates by a uniform percentage to achieve the
20 proposed average SCRC rate. The Company then added the per kWh RGGI refund "addier" as
21 calculated in Attachment CJG-2, pages 1-3 to the class specific SCRC rates to get a total
22 SCRC rate.

1 **Q. Why did Eversource include revenue from one of the auctions in 2014 along with only**
2 **three of the four auctions occurring in 2015?**

3 A. Due to the timing of the auctions and historic receipt of the auction proceeds, Eversource did
4 not receive proceeds from all four 2014 auctions in calendar year 2014. The December 2014
5 auction proceeds were not received prior to December 31, 2014. Accordingly, Eversource
6 has included the December 2014 and March 2015 auction proceeds and its estimates for the
7 June 2015 and September 2015 auction proceeds in its 2015 calculation of the RGGI rate.
8 This also holds true for the December 2015 auction proceeds. The proceeds for the
9 December 2015 auction have been excluded from the 2015 RGGI refund calculation and will
10 be included in the 2016 RGGI refund 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. Those issues will be addressed in the Energy Service/Stranded Cost Recovery Charge
14 reconciliation docket which has traditionally been filed in early May following the calendar
15 year when those costs were incurred and collected.

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

17 A. Yes. Due to the number of rate components that will change, Eversource requests approval
18 of the proposed SCRC rate by Friday, June 26 to allow sufficient time to implement, test and
19 bill the new rates on our regular schedule and to avoid any delay in billing for service
20 rendered as of July 1, 2015 (a Wednesday). Therefore, Eversource requests that the
21 Commission reopen this proceeding so that the procedural schedule can be set to review this
22 filing and approve the SCRC rate in a timely manner.

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

2 **A.** Yes, it does.